Nation's Business

A USEFUL LOOK AHEAD

MAY 196

Peaceniks, beatniks, smutniks...

WEIRD WARRIORS IN WAR ON POVERTY PAGE 42

Will Congress kill Main Street?
Why cars are getting safer
You can't succeed in business
by merely trying



Coffee shop floor: Kentile® Architectural Marbles Vinyl Asbestos Tile. Colors: 8. Wall base: white KenCove® Vinyl. For your Kentile Dealer? See the Yellow Pages under "Floors"—or your architect, decorator, or interior designer.

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Because keeping phone costs low is as important to Western Electric as it is to your Bell telephone company. We're on the same team. We have been since 1882, working together with the same purpose: to keep bringing you the world's finest communications at low cost.



Nation's Business

May 1966 Vol. 54 No. 5

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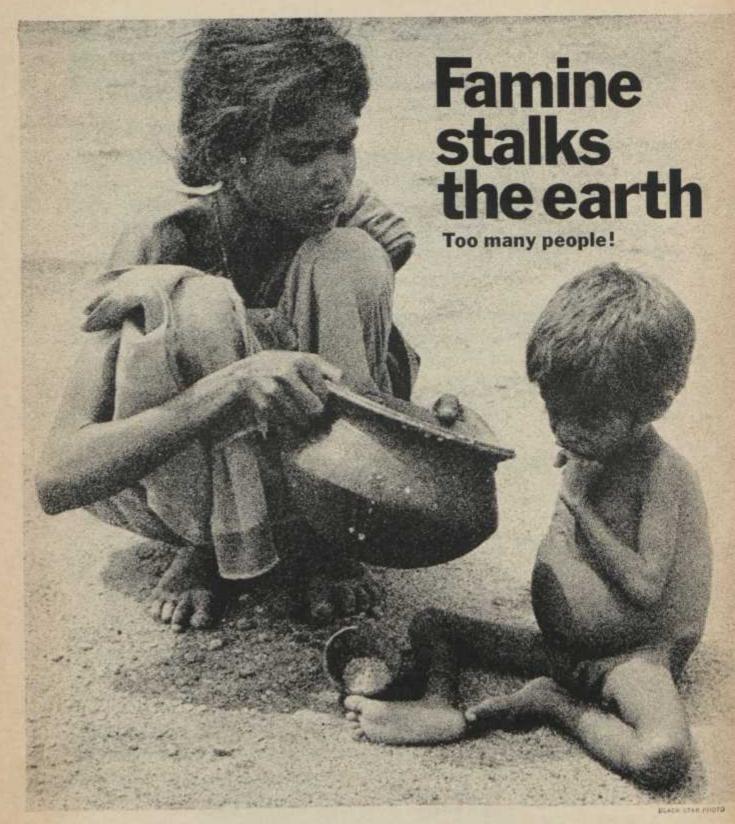
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Food into a bottomless pit!

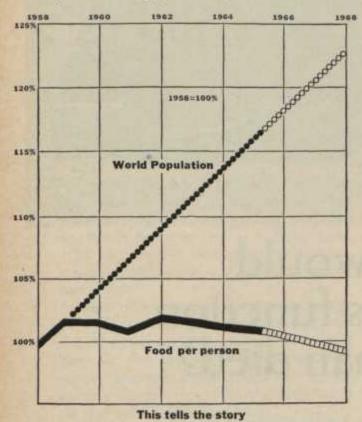
To President Lyndon B. Johnson

"The world is on the threshold of the biggest famine in history," according to Raymond Ewell, former advisor to the Government of India. "If present trends continue, it seems likely that famine will reach serious proportions in India, Pakistan and China in the early 1970s. Latin America will fall in this category by 1980. Such a famine will be of massive proportions, affecting hundreds of millions, possibly billions of persons."

The Director-General of the United Nations Food and Agriculture Organization, Binay Sen, said: "Either we take the fullest measures both to raise productivity and to stabilize population growth, or we face a disaster of unprecedented magnitude....Problems of hunger and malnutrition which afflict more than a half of the world's

population...pose a serious threat to peace."

U.S. Secretary of Agriculture, Orville L. Freeman, said: "Problems of staggering proportions face the densely populated underdeveloped countries of the world in their effort to keep food production in pace with population growth. The supply of readily cultivatable land is



FRANCIS T. P. PLIMPTON, former U.S. Ambassador to the United Nations

the United Nations ADMIRAL ARTHUR W. RADFORD, former Chairman, Joint Chiefs

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Nobel Prize Winner

DR. JEROME B. WIESNER, Dean, School of Science, M.I.T.

Those signing this statement do so in their personal and individual capacity. The institutional and business affiliations are purely descriptive carrying no implication of authorization or participation by the organization noted.

nearly exhausted in many of those countries, and new land can be brought under cultivation only at high cost."

The United States has shipped abroad, since Congress enacted the so-called "Food For Peace" law in 1954, food amounting to the gigantic sum of \$12 billion, mostly on a give-away basis.

Our food warehouses that were bursting at the seams a few years ago are now largely down to a normal inventory. Congress recently authorized Secretary Freeman to go into the open market and buy dried milk to keep up our lunch program for overseas children.

India receives from the United States more than a half of its wheat at the present rate of 20,000 tons a day. Observers believe that this assistance is the only barrier

against large scale famine and open rebellion.

With all this out-pouring of American resources we are not making a dent at solving the problem. Even if we were to continue such a program on a vastly stepped-up basis, as some suggest, until American farm lands were exhausted, we still could not feed the burgeoning billions of people.

Basic problem: Skyrocketing population

Everything possible, of course, should be done to increase the food supply, but it is the skyrocketing population that menaces today's world. Latin America, as an example, increased its food production over the last five years, but with 25 million more people, the average individual had 7% less to eat. In another five years there will be 35 million more people living south of the Rio Grande.

Mr. President, we agree with you that the population problem is the "most profound challenge to the future of all the world". And we applaud your promise in the State of the Union Message to help those nations that are trying to control population growth by increased research and financial aid.

But the fact remains that to date the manpower and resources of the various agencies of the Government committed to meet this transcendent challenge rank below a hundred less important projects.

Every day lost in tackling this matter on a massive scale will compound your problems and those of your successors. For you were right, Mr. President, when you said:

"I do not believe that our island of abundance will be finally secure in a sea of despair and unrest, or in a world where even the oppressed may one day have access to the engines of modern destruction."

There will be 300 million more mouths to feed in the world five years from now-most of them hungry. Hunger brings turmoil-and turmoil, as we have learned, creates the atmosphere in which the communists seek to conquer the earth.

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WASHINGTON: A LOOK AHEAD

Thirty-one days in May begin a crisis period of sorts in Washington.

President Johnson is on the spot.

He, Defense Secretary McNamara, military chiefs, Secretary of State Rusk, others will undertake a major new reappraisal of where we stand in Viet Nam, what's ahead.

There's no evidence now of major change in strategy. Administration isn't likely to turn wishy-washy with election coming. But it's also likely to take every possible step to make victory prospects look good.

A major decision will be how much more defense money to ask from Congress. Defense appropriations bill now before Congress asks only enough money to run the Viet Nam War through June 1967. If seers conclude war will last longer—as seems likely—LBJ will have to request more cash.

And he'll have to decide when to ask it—this summer or after elections.

Tax denouement can't be put off much longer. Congressmen are already gung-ho to go home and campaign. So LBJ will have to make up his mind before long on a possible tax boost.

Spring reports on employment, wage rates, prices, investment due starting this month will help decide.

Labor tension caused by inflationary wage demands will rise. For one trouble spot, Pacific longshoremen who handle cargo for Viet Nam flirt with decision to strike when their contract expires at end of June. Labor leaders pressure the White House for backing by flaunting their vote-delivering claims.

Notice the common denominator: politics. It can't be stressed too hard that the political winds as the White House reads them will shape most decisions in all these touchy areas.

Capitol Hill Memo:

Watch for enactment this year of-

Changes in state-federal unemployment compensation system. Question is how far bills will go toward establishing new, costly federal rules; how big the political payoff to unions.

A cabinet-level Department of Transportation. Organizations in many carrier industries have already endorsed it.

Some sort of highway safety bill. Car manufacturers urge a voluntary industry joint safety board.

Profits: Your margin may well slide this year as a share of sales or return on invested capital. That applies to firms across the board.

Here's an excellent example of why businessmen's confidence in the economy—and in the government—is so important in fighting inflation and in keeping the boom going. One of Uncle Sam's top experts puts it this way:

Corporate profits will rise about \$4 billion in 1966, down from over \$7 billion after taxes last year. That's a slower climb than the rate of rise for either sales or investment. So profit margins will drop.

Why? Costs will jump higher—mainly for labor, notes the federal man. New workers are less skilled, so less productive. Wages are up and government is pushing them higher. Overtime will rise. Older, low-efficiency machines are being pressed into service. Transport costs are higher. Raw materials, too. Growing volume of defense production yields less profit than civilian sales. Borrowing costs grow.

Mushy stock market reflects this profit outlook.

So far, business is absorbing many extra costs, helping hold down inflation. The key question: How long before businessmen, from smallest retailer to investor in biggest companies, begin pressing for better profit margins?

"As long as they see bright prospects in general for the next year or two-as they do now-

WASHINGTON: A LOOK AHEAD

they'll settle for lower margins," says this influential analyst. "But if they get worried, they'll try to strengthen profits."

Thus, LBJ's need to woo business.

Companies name high-level executives to help Washington, industry, civic officials fight pollution of air, water, other resources.

The company men coordinate anti-pollution steps in far-flung plants where manager's prime knowledge and interest are in turning out better products more efficiently. They translate top brass' desire to be good citizens into action.

One example: Continental Oil gives Dr. James C. Kirk title of "director of environmental conservation." American Petroleum Institute gives its beefed-up committee for air and water conservation a \$2 million budget this year. Texaco, Shell, Humble, American, Sun Oil, California Standard are among other oil companies already with anti-pollution aides. Many have had such key men for years.

Ford hires the former executive of the California Motor Vehicle Pollution Board as "executive engineer for vehicle emissions." National Steel recently upgraded its top aide in the field.

The list of companies spans the chemical, pulp and paper, steel, detergent, food processing, meat packing, distillery, tanning and mining industries and spreads into such specialties as land development.

Freer-trade bloc in Congress gets panicky over push from underdeveloped countries—especially Latin America—for preferential duties on their goods sent here. These Congressmen fear a breakdown of long-standing system of reciprocal tariff cutting. A unit of the Joint Economic Committee plans hearings.

Martin, Fowler gain, Ackley slips in influence.

They're Johnson's economic troika—the Federal Reserve chairman, Treasury Secretary and chairman of Council of Economic Advisers, Administration's economic policies depend in major degree on what they tell LBJ and how they influence national opinion. Always respected by bankers, businessmen, Chairman Martin's stock rises even higher as latest tightening of interest rates bites in. His opponents on the



Martin

board now unanimously endorse the December discount rate increase that Martin spearheaded. Federal Reserve will raise its discount rate again if other federal steps don't help cool inflation.

The chairman argues there's a "maximum safe speed" for the economy as

for a car-beyond that point accidents happen fast, things fall apart. Mr. Martin's "constituency" in the U. S., foreign business communi-

ties forces LBJ to listen. That's power Mr. Johnson respects.

Secretary Fowler's constituency widens. He's the three-way hinge between White House, Congress and business; can turn on easygoing charm or talk hard-nosed politics when needed.



Fowler

"Front man for Lyndon" stigma fades among entrenched Treasury, other bureaucrats.

Gardner Ackley's influence seems to wane.



Ackley

Or so many think. Many professional economists charge he fits economist work to politics. Economist W. Allen Wallis, president of University of Rochester, lashes 1966 report of Ackley's Council of Economic Advisers as "unprofessional . . . shoddy, slipshod, contrived . . . economics."

But Dr. Ackley rates pin-dropping quiet when he speaks, because the President uses him as an Administration mouthpiece.

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Lethim put his talents to work for you. Look to the future. If you do, you'll find a Realtor.



Mesitors' National Foundation, Inc. 1300 Connecticut Ave., N.W., Washington, D. C. 20036

Business opinion:

Labor has no right to thumb its nose

To the Editor:

The labor bosses have told off the President, Secretary of Labor Wirtz, and in effect, the American people. They refuse to use restraint in wage demands—at least to reasonable amounts.

The argument they submit is: "Why restrain wage increases and not prices and profits?" This feeble argument falls apart when you consider it.

First of all, prices are determined in large part by wages-it's the cost of producing a product that determines its price, not vice versa.

Prices are held down by competition, domestic and foreign. And our government hasn't hesitated to force back even minor attempts at price increases by steel and aluminum.

Labor, on the other hand, has a stranglehold on the economy.

As for profits, the labor kings know, as we all do, that it is profits that enable us to pay the wages they demand; profits pay for the plants and machines that provide the jobs for their dues payers.

Without profits there would be bankruptcy and unemployment. It's our profit system that is supporting a good part of the world today.

The voices of organized labor are beginning to sound like voices of organized greed.

> G. M. LYNN Hinlenh, Fla.

Belle Bowl cries foul

To the Editor:

Speaking of government competition with private industry:

Offutt Air Base is planning to add 12 more bowling lanes, plus a very plush cocktail lounge, to the 12 lanes they have at present.

We complained about the original 12 lanes but could do nothing about them. We met with the base personnel and they indicated to us and to the Bowling Proprietors of Omaha that those 12 lanes were all that would ever be needed at the base.

We lost four leagues at that time.

They stated they were more or less compelled to bowl on base. The base also leaves any and all civilians bowl there at a very reduced price, one that we as businessmen could never compete with. Now with another 12 lanes to be installed, an investigation should be made.

We employ approximately 24 people and their livelihood depends on our business. We cannot compete with this cut-rate bowling and direct competition from the Government.

JOHN TRENT President, Belle Bowl, Inc. Bellevue, Nebr.

Likes new binding

To the Editor:

Congratulations on the new binding of your fine magazine.

Now I can remove and file material for reference purposes without tearing pages.

This is the best contribution made to business magazines since they began.

> MARSHALL C. CORNS Management Engineer and Consultant Evanston, Ill.

Too much verbiage?

To the Editor:

"So Your Employees Don't Like You" [March] commendably cited a need for upward, downward and lateral communication. But too many firms interpret this to mean an even greater avalanche of booklets, brochures, flip charts and magazines.

Have we not reached the stage where there is a crying need for measurement to determine if employees are actually reading this verbiage?

> HAROLD KNOLL Public Relations Counsel Winons, Minn,

Wants stockholders' union

To the Editor:

Apropos your article, "How Unions Are Trying to Take Over" [February]: Why would this not built-in air conditioning for record mileage



Amazing Dual Super G* mileage performance is ample testimony to the value of a cool-running tire. You can expect up to twice the mileage you now get. Two steel belts under the tread reduce heat-producing flexing. The steel belts and exclusive radial ply Nygen cord construction deliver other desirable by-products, too, like increased fuel savings, greater traction and stability.

If you're ready for better truck tire mileage, lower fuel consumption and greater driver safety, you're ready to visit your General Tire Specialist. Ask him for the cool tire, the General Dual Super G.



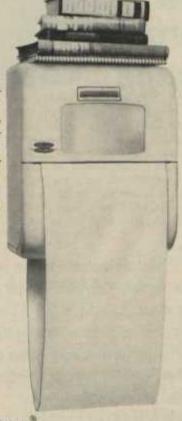
Can something that the student body prefers actually save you money?

"Yes," lectures the head custodian of the Arizona State University. "Fairfax toweling does just that."

Arizona State says Fairfax toweling, supplied by the American Linen Supply Company of Phoenix, reduces cost by saving labor. This state is the sixth largest producer of cotton in the country, but that's not the only reason Arizona State prefers cotton to any other kind of toweling. Cotton toweling also reduces maintenance, encourages better housekeeping, reduces fire hazards, and caters to people's preference. Whether you have a big Univer-

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Business opinion:

be an excellent time for some competent, keen-minded young executive to carve out for himself a lifetime position of affluence, and a great following, by organizing the millions of stockholders of, say, the country's 10 largest corporations?

Labor's relative handful of members, when compared with our entire population and with the growing number of shareholders, could be made to look like peanuts by shareholders, well organized into a voting bloc.

> ERNEST L. KING Anderson, S. C.

Balks at covers

To the Editor:

Within the past six months we subscribed to your magazine, but have been forced to remove it from our reception room because of the inflammatory headlines on your covers. I am referring specifically to such captions as "Where Civil Rights Law Is Going Wrong," "Bad News for Union Bosses," "How Unions Are Trying to Take Over."

We do not object to the detailed articles because they are well written and quite informative. We believe that we should get union officials and members, government officials and workers, and all other groups interested in such articles; we certainly cannot do this when the covers arouse resentment even before the magazine is opened.

> ROGER M. DOWNES President Apex Appraisal Co. Cleveland, Ohio

Correction

NATION'S BUSINESS, in its February 1966 issue, stated that workers today, even though able to vote for their union leaders, may be deprived of their voice in union affairs. The article then cited the 1964 union election of James B. Carey which the Labor Department in a recount found Carey actually had lost.

NATION'S BUSINESS erroneously reported that the union involved was the United Electrical, Radio and Machine Workers (UE). The union Carey headed was the International Union of Electrical, Radio and Machine Workers, AFL-CIO, and the article should have named that union. The events described in the article in no way involve the United Electrical, Radio and Machine Workers, NATION'S BUSINESS regrets having made this error.

A PORTFOLIO

of vital information to help solve your company's growth problems



[Free to company owners, partners, comptrollers and treasurers. \$3 to anybody else.]

Through the years, in our work with hundreds of businesses, we've learned much about the problems today's businessman faces. In many cases the solution was simple, but easy to overlook. In others, our advice has saved considerable money and, sometimes, even the business itself.

Now we have pulled together much of this valuable information in booklet form. As the portfolio says, they contain the "facts you should know to help your business grow." Reading through the booklets, you will find much that is helpful to you now and later, as your business grows. Much of it will surprise you. For instance, did you know that, under certain circumstances, you could be legally forced to sell your business? Do you know more effective ways to keep key personnel than with salary increases? Have you kept up to date on the latest, lowest-cost pension plans and profit-sharing plans?

The answers to these questions and more are contained in this handy vinyl portfolio. It's free to company owners, partners, comptrollers and treasurers. Just fill in the coupon below and attach it to your business letterhead. You will receive this information-packed portfolio, with no obligation whatsoever.

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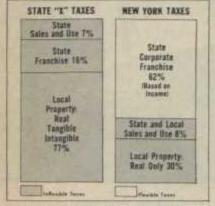
In New York State business tax collections have risen less than in any other state. Moreover, a recent state law allows you to write off any plant or equipment in half the time allowed by the federal tax authorities. And you can write off research and development facilities in just one year.

NO PERSONAL PROPERTY TAX

In many states personal property taxes exceed real property taxes. And these property taxes must be paid each year, regardless of profit or loss. However, in New York State there's no tax on personal property including inventory, equipment or raw materials.

TWO STATES COMPARED

Take the example of a manufacturer who has to maintain expensive production and research equipment. Here's how this tax bill would be assessed in New York and in a neighboring competitive state.



The taxes in the neighboring state are inflexible and based to a great extent on real or personal property including inventory. These stay the same, regardless of earnings. In New York over 60% of the taxes are flexible and based on profit. This prevents high taxes in a bad year.

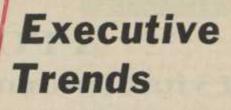
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For a complete picture of the tax sys-tem in New York State send for our free tax booklet. You'll see some important reasons why more firms have relocated in New York State than in any other state for the fifth straight year.

And if you have any other questions on plant relocation in New York State, send them along, too. Your inquiry will

be coded for complete secrecy. Write: Commissioner Keith McHugh, Room 151, 112 State Street, Albany 7. New York. Or, if you prefer, ask any responsible third party to contact us.

> DISCOVER WHAT'S NEW IN NEW YORK STATE



- Industry—big man on campus
- Is bugging the bunk?
- What bosses think of salesmen

College recruiting: Dilemma of blue chips

On-campus recruiters for business tell of a fellow talent scout who would stop at nothing: He even tried to buy space for company advertising on college diplomas.

While the story is apocryphal, it will give you some idea of just how competitive the current college recruiting season has been. "Never anything like it," asserts Robert Herrick of the College Placement Council, Inc. His sentiments are shared by corporate recruiters across the nation. Some whose experience dates back to the early 1950's say this year has been the most active yet, and they foresee no

Why the scramble? Many reasons. One of the biggest is the continuing, relative scarcity of scientific and engineering graduates. Another is the Viet Nam War. Many young men who would otherwise go directly from campus to business careers are detouring to enlistment offices and induction centers. Another pressure is growing competition from talent scouts of federal, state and even city governments.

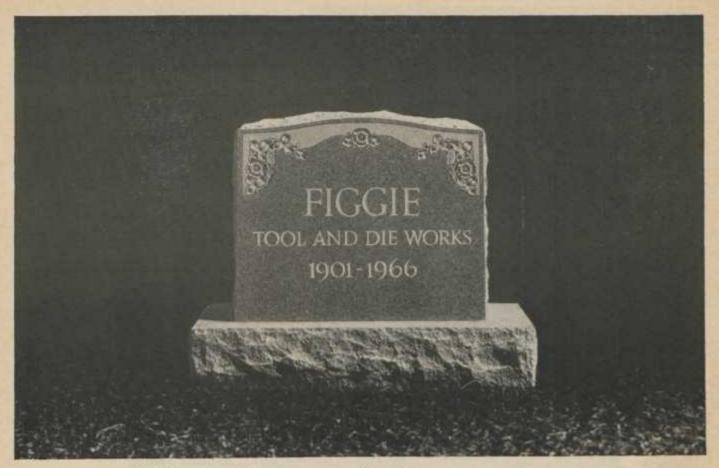
Don Cook, recruiter for Radio Corporation of America, says many graduates face the dilemma of "sorting out the blue chips." That's his way of describing the problem of choosing among career possibilities in many big, beckoning corporations. The decision-making is so painful in some cases that it forces graduates to defer making a choice; some elect to take graduate work while they are making up their

"Hello, stockroom? Let me talk to 007."

The dangers of snap-brim industrial espionage have been vastly exaggerated, claims a leading authority on theft and waste. He is Norman Jaspan, author of the bestselling book, "The Thief in the White Collar." Mr. Jaspan heads a firm which advises other companies on ways to prevent pilferage of money, goods and trade secrets.

"All the publicity about telephone bugging, spies, counterspies and electronic snooping has turned some executives into nervous wrecks," Mr. Jaspan told Nation's Business, "But they are worried about the wrong thing. The businessman is more likely to lose his secrets through one of his own employees than as a result of all of this James Bond stuff."

A high-risk employee could be almost anyone: The frustrated scientist who quits and takes company know-how to his next job; a dishonest clerk with access to confidential data; an indiscreet secretary-or an overtalkative afterhours tippler. Losses in cash and merchandise alone are estimated to exceed \$4 million a day throughout industry. Even greater sums are drained away through malingering, sloppy work, improper disposition of scrap, kickbacks and the failure to enforce company regulations. The ultimate culprit is management itself, argues Mr.



70% of all businesses that burn down die out.

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SOME DEALER FRANCHISES STILL OPEN

EXECUTIVE TRENDS

continued

Jaspan. His experience indicates that unless management lets every employee know that dishonesty and carelessness will not be tolerated, substantial losses inevitably will occur. Not all losses arise from avarice. There are a few unscrupulous employers who dangle job offers before employees of other companies solely for the purpose of getting them to discuss their present work, hoping they will divulge confidential information in the process.

Chief executives evaluate salesmen

The sales function is growing in value, judging from a recent, indepth survey among the top men of more than 300 major American companies.

The survey was directed by Dr. Delbert J. Duncan, professor emeritus of marketing at the University of California, Berkeley, in cooperation with The Klein Institute for Aptitude Testing.

Some highlights:

Nearly 80 per cent of the presidents reported that the salesman's job in their companies has increased in importance since 1960; only three per cent indicated it had become less vital.

Seventy-five per cent said they have more salesmen on the payroll now than five years ago.

Personal selling rated tops among seven most important elements in the marketing mix.

Nine out of 10 presidents argued that professional selling standards are on the upgrade; most refuted the contention that salesmen have questionable ethics.

Virtually all chief executives disagree with the notion that salesmen might be replaced by computers, and a majority said they would recommend selling experience to their sons or other relatives heading into business careers.

Expert expects big rise in pay of top managers

Competition is giving executive compensation a strong upward shove, says James Engel, new director of the American Management Association's Executive Compensation Service. In a recent survey of some 6,000 companies, Mr. Engel found evidence of broad

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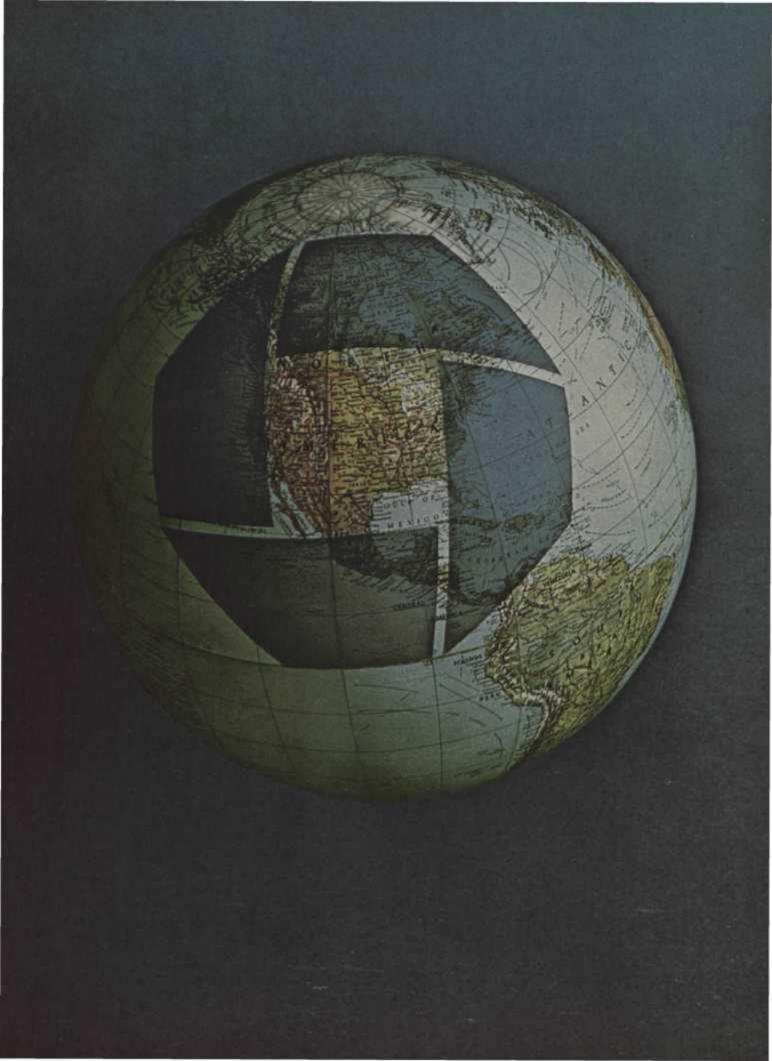
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Chase Manhattan's approach to multinational banking

A joint statement to multinational companies by Chairman Champion and President Rockefeller

Were we to select one phrase to sum up our responsibility to a customer operating multinationally it would be "The best job that can be done, with whatever facilities are necessary to do it."

What this comes down to is flexibility.

We know from appraising the present, probing into the future and drawing on more than a hundred past years of worldwide banking experience that no pat operational plan is adequate for all customers' needs.

Sometimes the Open Sesame to a customer's multinational requirements is a correspondent bank in a remote corner of the world. Another time the best place to turn might be to one of our overseas branches or representatives. And there are our affiliates—indigenous and established banking organizations strategically selected for their importance to the world's most thriving trade areas.

These are the ways we accomplish multinational business matters today. We will continue to seek affiliations where appropriate. Our relationship with correspondent banks all over the world will be strengthened. Our branches outside the United States will continue to multiply. And, we will undoubtedly add more representative offices.

Flexibility requires all of these operational factors in increasing abundance.

In 1962 in Brazil we affiliated with Banco Lar Brasileiro. One of Brazil's progressive banks, Banco Lar has 33 offices in key cities throughout all of Brazil. In the same year in Venezuela, we formed an affiliation with Banco Mercantil y Agricola. A leading Caracas bank, Banco Mercantil offered us, through affiliation, 17 branches in Venezuela. Last year we affiliated with one of Peru's largest commercial banks, Banco Continental, with 42 offices in the Lima-Callao area. In 1965 we extended our associations to the hundred-

year-old Standard Bank to join in serving seventeen African countries through 1,104 branch offices. And this year we have expanded even further by entering into an agreement with Banque de Bruxelles, Belgium's second largest bank, to jointly own Banque de Commerce with offices in Brussels and Antwerp.

By working together with established banking organizations like these the world over we can give multinational customers the area savyy of the indigenous banker. For added strength and the American touch we have ranking Chase men working side-by-side with affiliate management.

And affiliation offers our customers another major advantage.

The deposits of our affiliates are in local currency. Therefore, we can better serve our customers seeking to expand to countries where these affiliations are located.

This, then, is our approach:

To offer multinational business a service flexibility that uses, according to the dictates of advantage, the separate or collective capacities of our affiliates, our overseas correspondent banks, our offices in major trade centers, our representatives in key cities the world over and the services of our home based World Wide Projects Division.

* * *

In short, we propose to do the best job for multina tional companies with whatever facilities are necessary to do it. And we've chosen flexibility as the way to serve you best wherever you have a multinational need.

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EXECUTIVE TRENDS

continued

gains in the salaries of middlemanagers. He looks for evidence of even greater advances in the pay of top-ranking executives when AMA completes a new study.

Today's boom profits are fattening corporate bonus kitties, Mr. Engel finds. But he-and others in the field-emphasize that many businesses are administering incentives with more and more selectivity.

"The real profit contributors stand to benefit from this," says consultant Robert E. Sibson, whose own studies affirm the trends noted by AMA.

Another development: To lure and hold high-talent performers, many firms currently are revamping their compensation package.

Pay of office workers target of major study

If you are looking for new navigational aids in planning the course of your clerical payroll, you don't have long to wait.

Next month, and the month following, the Administrative Management Society will release findings of a major study of trends in the compensation of office workers.

The study is only one of several now on the boards at AMS headquarters in Willow Grove, Pa.

Also being studied: Methods for determining which forms a company should keep, which it can discard; ways for using employment agencies better; legal aspects of microfilming, and turnover trends among white-collar employees.

Rockwell takes its mountain to Mahomet

If you want to make an ardent suitor of the most fickle stockholder, it might pay to emulate Rockwell-Standard Corp.'s new practice of running annual meetings on a regional basis.

The company says decentralized meetings build better goodwill among its shareowners, improve communications and generally tone up the body corporate.

Recently management of the manufacturing concern has met with stockholders in Chicago and Cleveland, rounding out a schedule that included earlier meetings in Pittsburgh, New York and Dallas.

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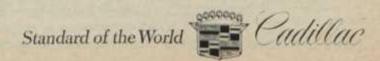


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TRENDS: WASHINGTON MOOD

Public crises take no vacations

BY PETER LISAGOR

If this were the best of all possible worlds, in which Washington could wall itself off from the incessant and often shrill urgencies of other countries, President Johnson certainly would be a happier man.

For he is, by interest and outlook, a homebody.

Given a choice, he undoubtedly would rather campaign for a bridge across the Mississippi than one across the Mekong; concentrate on rehabilitating the urban slums here at home than on relocating the headquarters of the Supreme Allied Commander in Europe; tackle the problems of racial integration here, which he understands and probably feels are susceptible to his influence and power, than wrestle with the integration of national forces in NATO, which is a largely abstract concept foisted upon him by eager advisers and which is stubbornly defiant of his authority to order or shape.

. . .

But this is not the best of all possible worlds, and France's Charles de Gaulle is not Chicago's Mayor Daley. The President cannot, try as he will, extricate himself from the entanglements of a chaotic world. Peace is a cherished ideal, and Mr. Johnson invokes it at every opportunity. Yet, being a practical man without major illusions, he must confide to himself, in introspective moments, that human nature is unlikely to be repealed in his lifetime.

If he had to designate future monuments to his Presidency, it's a fair guess that he would prefer one honoring a true peace between the North and the states of the Old Confederacy than one marking the suspension of the feud between, say, Israel and the Arab States or India and Pakistan.

More than most, Mr. Johnson knows the virtues of domestic tranquility. He also knows the attractions of progress on the home front. His political career was, in its early stages, advanced by the public works projects he promoted on the Lower Colorado River in his Texas district, not by the votes on the impera-

projects he promoted on the Lower Colorado River in his Texas district, not by the votes on the impera-Mr. Lisagor is the White House correspondent for the tive foreign issues that faced Presidents Franklin D. Roosevelt and Harry S. Truman.

For the very reason that his mark is more apt to be made in the improvement of the quality of American society, the President is said to regard the unrelenting distractions of foreign policy with irritation and annoyance. But they are inescapable, and they mount rather than recede with time. They dominate a good portion of his time and defy, in several crucial areas, the voice of mediation and reason.

In recent months, he has learned that the war in Viet Nam, tough and obsessive though it is, has be-



The President, head bowed, crosses White House lawn on way to office where world problems await.

come but one front in the political battle order confronting him overseas. He can hardly compile a list of priorities, for crises have a habit of being concurrent. De Gaulle doesn't wait until Congress disposes of this year's legislative agenda or until conditions in Viet Nam improve; he wants Uncle Sam out of France and French forces out of NATO now, if not sooner.

The pull on Mr. Johnson to deal with such issues as posed by the strong-minded de Gaulle is like a powerful undertow. The President's instinct is to

Chicago Daily News.

TRENDS: WASHINGTON MOOD

wait, to allow time to diminish the urgency and size of the problem, to equivocate rather than to move precipitately. The essence of his leadership is to avoid confrontations and showdowns, even when it tends to squander some of the credit this nation has acquired in the international marts for its generous and perceptive contributions to Allied enterprises. Many nations, to state it bluntly, are wards and clients of Washington, in a manner of speaking, and look in this direction for cues and promptings. When they are not forthcoming, a certain disenchantment, if not a lapse in loyalty, sets in.

. . .

The President has been pressed to take initiatives in an area as volatile and controversial as any in recent American history: Washington's policy toward Communist China. Three previous Chief Executives were able to follow a policy toward Peking which was uniformly approved by most Americans, if not universally applauded abroad. Basically it depicted the Red Chinese as a global menace, aggressor in Korea, conqueror of Tibet, aggressor by proxy in South Viet Nam, would-be aggressor in India.

Red China's implacable hostility toward the West, especially the United States, has been certified in song and story. Mao Tse-tung and his comrades have chosen for themselves a policy of isolation, in the frequently stated view of high U.S. officials. An occasional contact is maintained in Warsaw, Poland, where periodic meetings take place between American and Chinese diplomatic officials.

But it is a stilted charade. No sooner are the participants seated than the Peking delegate demands that the U. S. agree to abandon the 12 million inhabitants of Formosa, the Nationalist Chinese stronghold. Until that is done, he says, there is nothing to talk about. From that point on, both sides fall into a familiar rut of polemics for a decent interval, and then depart.

The Senate Foreign Relations Committee under Chairman J. William Fulbright has striven mightily to remove China from the list of Congressional taboos as a topic for dispassionate discussion. A parade of scholars and experts has succeeded in effacing many of the old stereotypes that shaped American opinion about China—a mainly mythical montage of contrasts that portray the Chinese in such extremes as the lowly laundryman and the bearded Confucius, Dr. Fu Manchu and Dr. Sun Yat-sen.

The scholars were split. Some advocated containment but urged that the tendency to isolate the vast mainland of 700 million people be softened. Only if Peking is brought into the United Nations and the ameliorating influences of the civilized world brought to bear can any changes in Red China's attitude be expected in the near future. Others rejected this advice and advocated that Mao and his minions be leaned on hard because they are in trouble at home and overseas and should not be rewarded with recognition, which would only encourage their militancy,

The idea that the Chinese Communist leaders have been psychiatrically disturbed by years of subjugation and abuse, and therefore ought to be treated with tender solicitude and sympathy, appalls those who support a firm, unyielding policy of containment and isolation. They have little patience with the argument that the Russians have shown signs of mellowing, and that the Chinese eventually will follow the Moscow pattern if not goaded into irrational adventures.

. . .

What can President Johnson do under the circumstances? A friend and admirer recently observed, with deliberate exaggeration, that if LBJ ever figures out how the Chinese think, heaven help them—he will out-Oriental them. This is an amusing notion, which scarcely relieves the President of the pressures on him to devote more time and energy to the "China problem."

It might be politically disastrous to loosen some of the rigidity toward Peking at a time when the Chinese not only support the North Vietnamese communist forces but appear to be the main obstacle to any possible negotiated settlement. But this is what Mr. Johnson is being asked to do as a farseeing act of statesmanship and wisdom.

The debate about China serves to point up the President's dilemma. He can't fully concentrate on any issue. Being a man who likes to deal with and dispose of one problem at a time, he is frustrated by an unending flow of crucial matters that demand his attention. He never has a chance to enjoy the breaks that come our way—just when Indonesia's Sukarno becomes less a headache, de Gaulle kicks up his heels; India's greater sympathy for America's purposes in the world is virtually canceled out by Pakistan's growing rapport with Red China; the anti-American Nkrumah is bounced in Ghana and the anti-American Buddhist political extremists begin agitating in Saigon.

. . .

These are among the penalties of the Presidency, of course. But to an old campaigner like the President, an election year at home ought to see a suspension of all extraneous matters. Mr. Johnson has often expressed a desire to go among the people this year, "visitin', talkin', feelin'", plumping for his Great Society programs.

It will surprise few people if he manages to squeeze in some "visitin", despite the foreign distractions. It will be even less surprising if he takes a leaf from the book of his old idol, Franklin D. Roosevelt, and visits missile installations, defense plants, space centers, training camps and the like, as the Commanderin-Chief. If the places he goes to happen to be in hotly contested Congressional districts where the Democratic candidate may be in trouble and needs some high-level help, well, as the saying goes, that's the way the ball bounces.

The President is a politician who has never believed that a party can have too great a majority in Congress, especially if it is the party to which he happens to belong.

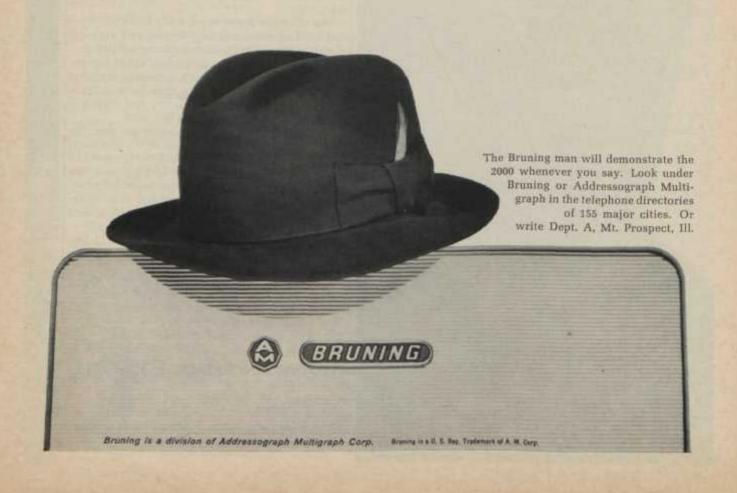


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TRENDS: THE STATE OF THE NATION

How Supreme Court is making itself obsolete

BY FELIX MORLEY

Although they were specifically requested by President Johnson, two proposed Constitutional Amendments have been quietly pigeon-holed by the present session of Congress.

That is not because their subject matter is unimportant. Reform of the Electoral College is long overdue, if our aim is really a democratic form of government. The desirability of a four-year term for members of the House of Representatives is far more questionable but was most strongly urged by the President. This projected alteration, he asserted, would "attract more men of the highest quality" and generally "strengthen the work of Congress."

The point to be examined here, however, is not the intrinsic desirability of either of these Amendments, or variants of them. More timely now is the fact that a Congress overwhelmingly of the President's party, and often defined as subservient, has so cavalierly spurned these two major White House requests. One might reasonably conclude that the legislators are satisfied with the Constitution as it stands and have no desire for further changes.

. . .

The Supreme Court, on the other hand, very clearly has no such reservations. For over a decade now its successive edicts have not merely supplemented but have in many cases actually supplanted Congressional action. Indeed, one reason for avoidance of proper Constitutional amendment is the now everpresent possibility that the Supreme Court will cut corners inadmissible under the procedures laid down by the Founding Fathers.

Lately there have been several illustrations of this arbitrary trend, in their different ways illustrating the exercise of quasi-dictatorial power by the Court. One such instance was Chief Justice Warren's rather curt dismissal of the suit brought by South Carolina questioning the constitutionality of parts of the Voting Rights Act of 1965. Another was the shortly

subsequent ruling that any State poll tax, as a prerequisite for local voting, is unconstitutional. That the latter decision was the more dubious is indicated by the sharp dissent of three of the nine justices, whereas in the former case only Justice Black was openly critical.

To the Voting Rights Act as a whole there could not be any valid Constitutional objection. The subterfuges whereby some States have deprived Negroes of the ballot have long been a clear defiance of the Fifteenth Amendment. This flatly says that "The right of citizens of the United States to vote shall not be denied or abridged . . . by any State on account of race, color, or previous condition of servitude."

So the plea of South Carolina and associated States did not question the Voting Rights Act as such, but only those parts which seem to strike at their residual sovereignty. Especially controversial is Section 5, which stipulates that future local regulations on voting must have prior approval in Washington. Of this provision Justice Black said sharply:

"... if all the provisions of our Constitution which limit the power of the Federal Government and reserve other power to the States are to mean anything, they mean at least that the States have power to pass laws and amend their constitutions without first sending their officials hundreds of miles away to beg federal authorities to approve them."

This Justice then cogently recalled that: "The requirement that States come to Washington to have their laws judged is reminiscent of the deeply resented practices used by the English Crown in dealing with the American colonies."

. . .

There was stronger opposition, within the Supreme Court itself, when the majority there overruled a lower court decision which had upheld the constitutionality of the Virginia poll tax of \$1.50 per annum.

The Twenty-fourth Amendment, ratified by the requisite number of States two years ago, decided that no State may levy any tax on voting in Presi-

Dr. Morley is a Pulitzer Prize-winning former newspaper editor and college president.

TRENDS: STATE OF THE NATION

dential or Congressional elections. But when this Amendment was under Congressional consideration no attempt was made to extend the prohibition to a small and non-discriminatory fee for exercise of the franchise in purely local voting.

In opposing the now contrary verdict of the Supreme Court, not only Justice Black, but this time also Justices Harlan and Stewart, argued against what the former called an "exercise of power which the Constitution has denied us." His personal opposition to any tax on the franchise, said Justice Black, did not entitle him to disregard the clear intent of the organic law.

Justices Harlan and Stewart went further in their joint dissent. "It is all wrong," they thundered, "for the Court to adopt the political doctrines popularly accepted at a particular moment of our history and to declare all others to be irrational and invidious." By "captivating phrases" the Equal Protection clause of the Fourteenth Amendment has been stretched beyond tolerable limits. It is time to observe that it does not "rigidly impose upon America an ideology of unrestrained egalitarianism."



PROTO: CHOPLES-BLACK STAR

New Supreme Court rulings now give Washington sweeping power to regulate states' election laws.

So we see two thirds of the nine Justices arguing that Equal Protection is violated by making "payment of any fee an electoral standard" while one third of the Court simultaneously asserts that this clause is being used as "a handy instrument to strike down State laws" with which the majority is unsympathetic. It is a heated issue on which the great English political philosopher, John Stuart Mill, might be called to give objective testimony.

But this would not be impartial. In his classic study of "Representative Government" Mill argued that every voter should pay a fee for the exercise of this right, in order to give him a personal interest in economical government. And the universal poll tax advocated by Mill would be revised annually, in proportion to total governmental expenditure, "so that everyone might feel that the money which he assisted in voting was partly his own."

While such a practice would be regarded as strong

medicine today, it can scarcely be called "unreasonable." If so, it would seem equally unreasonable for one voter to pay a tax on gasoline he must use in driving to the polls, while another by reason of nearer residence can easily walk to vote.

. . .

There can be no doubt that local misgovernment, and disregarded injustices, have contributed substantially to the activity of the Supreme Court in striking down historic prerogatives of the States. But it is equally apparent that some members of the Court itself are increasingly uneasy over the extremes to which the tendency is being carried.

This is emphasized by the shifting alignments in cases where more legislation is regarded as necessary for the federal protection of civil rights. And the depth of the internal schism is revealed by biting observations such as that of Justice Black in the poll tax case. "It seems to me that this is not only an attack on the great value of our Constitution itself but also on the concept of a written constitution which is to survive . . . unless changed through the amendment process . . . provided."

An insider's warning, that our whole system of government is being surreptitiously altered, should not fall on apathetic ears. And the need for awareness is strengthened by the strong satisfaction with which some well-posted observers regard the pattern of revolutionary change. Thus Professor Fred Rodell, of the Yale Law School, writes of Chief Justice Warren in a recent issue of *The New York Times Magazine*:

"Warren," like President Johnson, is no scholar. What both have working for them is the kind of devastating drive that less dedicated folk just plain succumb to."

Under our political system, however, there is a vast difference between the appropriate roles of the Chief Executive and the Chief Justice. It is the duty of the former to extract from Congress such legislation as he thinks best for the people whom he represents. It is the duty of the Chief Justice to guide a reflective tribunal whose major function is to interpret and maintain the Constitution of this federal Republic.

In that role there is no place for "devastating drive." On the contrary, what is required is constant memory of the wise words of the late Justice Stone: "While unconstitutional exercise of power by the executive and legislative branches is subject to judicial restraint, the only check on our exercise of power is our own sense of self-restraint."

The one indispensable task of the Supreme Court is to maintain the fine distinction between the powers reserved to the States and those delegated to the central government. The more the latter are enlarged, the less reason there is for having a Supreme Court. Completely centralized governments have no such organ. They make do with a highly responsible law officer like our Attorney General, whose power in this country is by no mere coincidence growing rapidly.

So, ironically enough, a really final decision of the Supreme Court could reasonably be to dissolve itself sine die, as an archaic part of a Constitution which the Court itself has gradually defined as wholly outmoded for an era of "devastating drive,"

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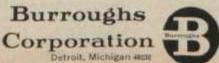
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TRENDS: RIGHT OR WRONG

This is civilization?

BY ALDEN H. SYPHER

Black Pajama squads are operating in many areas of South Viet Nam, carrying hopes that their words and deeds will convince the war-weary peasants and villagers that a brighter future will be theirs if they cast their lot with the Saigon government.

These are specially trained cadres of South Vietnamese army veterans and a few others whose job is to mingle with the natives, help rebuild their burned-out homes and villages, provide social facilities to fit their aspirations and in other ways bring a new life in liberty, democracy and happiness.

The black pajamas worn by these working missionaries are the traditional dress of the peasants, and are intended to symbolize their identity with them.

A successful effort of this kind, plus basic economic assistance, are essential to military operations, and also to prepare for free elections at some future time, according to United States officials.

This is not the first time that help in rebuilding homes, other economic assistance and new social facilities have been extended to give people a new life in liberty, democracy and happiness and, perhaps, to prepare them for future free elections.

Experience shows the process is very slow, very costly and not at all certain in results—measured either in happiness or in political stability.

Let's look at a demonstration city. Although the political background and starting point are not at all like those in any village currently being helped by the Black Pajamas, the objectives are somewhat similar.

For more than a dozen years artisans have been sawing and hammering, plumbing and wiring, except during rain or when the weather was otherwise unpleasant, until 521,000 persons have been moved into homes built or improved with economic assistance.

These people alone would fill a city as popu-

lous as Cincinnati, the twenty-first in size in the United States.

During this same time \$40 million in economic assistance was advanced, and was matched many times over by private contributions, to give the people a social center to match their aspirations.

Provisions are not only ample but outright luxurious for music, dancing and other arts. Marking its location is a fountain which can squirt 40 tons of water a minute up through 568 jets. The fountain is illuminated by 88 underwater lights and operates from a tape, untended by man.

Other economic assistance includes crime studies, aid for the poor, the lame, the halt and the blind, for some of the very young and the very old, for projects to gain understanding and possibly some measure of control over battling bands of young boodlums, for dozens of education programs, for transportation facilities and other projects.

Children who attend the schools, some of which are rather primitive, are given food if there is not enough at home, or even if there is.

. . .

Altogether, economic assistance has been pouring into the demonstration city for nearly a generation, totaling uncountable millions of dollars under programs that must number well over 100.

After all this, are the people happy in a new life of liberty?

This is difficult to measure. But it is evident that a good many are not.

Teachers in the primitive schools sometimes cringe in fear, as well they may, for occasionally one is stabbed, or beaten, or pushed by a student from a home not yet brought up to a standard of happiness, or emotional stability.

Members of the armed services entering one of the schools to tell students of opportunities in the service of their country were hissed by picketing schoolboys. Once inside, they were cheered.

Shopkeepers in some neighborhoods are so often

Mr. Sypher, a life-long journalist, is the former editor and publisher of NATION'S BUSINESS.

TRENDS: RIGHT OR WRONG

robbed, or beaten, or both that increasing numbers are closing their shops and boarding up their store fronts during the hour when police shifts are changing and protection is withdrawn temporarily.

Such attacks often are described by police as not the work of real criminals, but only narcotics addicts out raising the cost of a fix.

An expert has been brought from overseas to direct efforts to control the traffic in illicit drugs, which has been bringing increasing prosperity, but only to sellers and pushers.

For various reasons businesses have been closing up for good, or moving away, at a rate of 12,000 a year, until last year when departures declined sharply for causes not yet determined.

The community has many hospitals, but not enough. Inspection finds a third of them are in such poor condition they are beyond saving and should be replaced. The other two thirds need improvement ranging from major modernization to renovation. Not one, even the newest, is without fault. Only 17 per cent even meet fire safety code provi-

The medical staffs are well trained and alert. Pediatricians recently treated successfully a case of kwashiorkor, one of the leading childhood killers in underdeveloped countries.

The demonstration city has an excellent mass transportation system, but it may stop operating at the whim of its employees.

In its heart is a huge and beautiful park, but only fools wander in it after sunset, for then it becomes the land of muggers and others who find their fun in unusual ways.

And even while 521,000 persons were being moved into better dwellings, another 100,000 units fell below the standards set to give the natives a new life in liberty and happiness-so far below that riots have occurred and more are feared. After all these years

Does economic aid from Washington really hold the promise of golden future for this demonstration city?

CHRIST COVELLO-BLACK STAN



there has been little net gain, if any. One cause of this appears to be rent controls and other laws that make it unprofitable for owners to improve property. But for some reason the political leaders are disinclined to change this.

Now even the new social center falls under a cloud of unhappiness as critics carp about the acoustics of some of its opulent music halls.

So while there must be many happy people in the demonstration city, clearly it is evident that many are not.

As far as political stability is concerned, the many years and many millions of economic assistance have failed almost entirely.

For, as you have guessed, this is New York City. While it has received assistance from Washington during administrations of both major political parties, in its own last election it switched from the in party to the out.

John V. Lindsay had hardly settled into the mayor's office after the transit strike when he found the city's income would miss meeting the spending budget by half a billion dollars.

His suggestion for a graduated city income tax to be piled on top of sales taxes and state and federal income taxes raised little enthusiasm among the people, the businessmen determined to turn the tide of outgoing business and unfriendly state politicans who would have to approve enabling laws.

Mayor Lindsay had another idea. Perhaps he was watching the Washington wire when he noticed that President Johnson was proposing, among other things, spending \$524 million in a year to attack ignorance, disease and famine throughout the world. but beyond our shores. Both the amount and the objective were not too far from fitting New York's needs.

So the mayor rounded up nine administrative aides and headed for Washington. Here they swept through every nook and cranny where federal income tax receipts are converted to aid, grants and assistance. New York's needs were made clear.

Mayor Lindsay also gathered the New York delegation to Congress into a closed meeting. Here again the needs of New York were made clear. The mayor advocated higher federal minimum wage scales-to help cut the departure of industry from the city to states where business can operate at lower

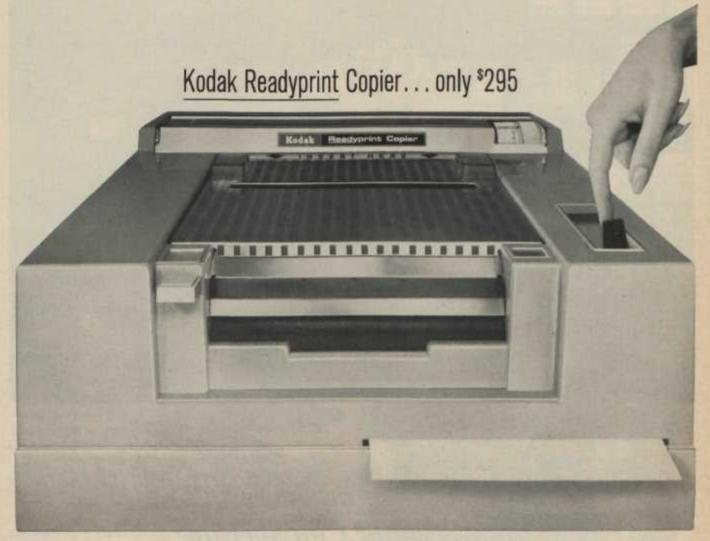
He also asked for federal tax money to help meet the city's transit deficit, increased greatly by a strike settlement Washington criticized as being far above the guideline level.

And to make sure nothing in the way of handouts is overlooked in the future, the mayor of New York appointed a full-time Washington lobbyist to look after the city's pipelines for federal finance.

Thus, as the Black Pajamas are asking the peasants and villagers of South Viet Nam to do, the people of New York look to the capital city for a brighter future.

Obviously, Mayor Lindsay hasn't noticed what the White Shirts already have done to his village.

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Will Congress kill Main Street?

Go to any town and you can see the tragic impact a new minimum wage law would have

A sign in the shiny plate glass window of the popular Lintz's department store in Sayre, Okla., recently announced to surprised patrons: "CLOSING OUT SALE."

The small town's council had tried to figure out a way to keep the store alive. But the councilmen finally had to concede that the owner, Joseph E. Chastain, had no alternative.

The story is the same for shops in small towns and in many big cities all over the country. Retailers such as Mr. Chastain—whose store in Sayre went out of business last December—fear, however, that the worst is yet to come. The threat hovers in the form of a humane and righteous sounding piece of legislation now on Capitol Hill—the minimum wage bill.

The bill would increase the current federal minimum wage and eventually extend it until it covers all retailers.

Should the bill pass, Mr. Chastain wonders what will become of his 10 remaining Lintz stores in small towns throughout Oklahoma and Texas. Their prospects are dismal.

The slim, energetic Mr. Chastain, who displays the quiet, tense competence of a seasoned helmsman steering through a bad storm, doesn't have to leave his oak-paneled Dallas office to find evidence that other small department store owners also are uneasy about the bill. Hardly a week passes that an owner of some independent store doesn't offer to



Joseph Chastain, already entangled in federal red tape, now is confronted with the specter of tighter minimum wage regulations which threaten the lives of his 10 remaining small-town department stores.

Will Congress kill Main Street? continued



CHAPTER BY THEIR REWINDSN-SLACE STR.

sell him his store. "But we've stopped buying," says Mr. Chastain, who in the past three years has been forced to close three of his own stores. "We can't make a move until we find out what's going to happen to the minimum wage law.

"The hardest thing in the world is telling employees who have been with you for so long that you must fold a going concern."

The main blame for the shutdowns rests squarely on the minimum wage law, Mr. Chastain insists. At present the law covers only those stores—in chains like Mr. Chastain's—having a yearly sales volume of more than \$250,000. Three of his remaining stores fall in that category, but the changes now proposed in Congress would hit all his stores.

"I feel I am witnessing the requiem of the smaller independent store owner," Mr. Chastain laments. "Although there are tens of thousands of us, a much larger number will be hurt. Many employees will have to rely on the taxpayers to support them. Even worse, this regulation and other burdensome laws eventually will ruin a host of small towns."

The immediate effect of the new minimum wage bill, which is labeled H.R. 13712, would be to raise this government-dictated minimum wage in stages and extend it to some 4.6 million workers in retail trades, laundries, motion picture theaters, hotels, motels, restaurants, taxicab operations, construction and other enterprises, hospitals and logging operations.

With some 456,000 employees brought under the

minimum wage and hour law for the first time, the retail trades would be hit hardest.

Mr. Chastain has calculated how the proposed minimum wage law would affect one of his smaller stores, not now covered by the law (Chart 1). He also has figured out how it would affect one of his larger stores, already covered (Chart 2).

Chart I shows that the small store, which is now making a profit of five per cent of sales, would slump to a loss of 5.02 percent in 1969 were the minimum wage raised at that time to \$1.75, as one proposal would have it. Even if the small store were brought in under the present minimum wage of \$1.25 an hour, it would still operate at a loss, Mr. Chastain maintains.

Chart 2 is set up slightly differently, because the larger store already is covered by the minimum wage law. But it shows clearly that by 1969, store profits, which now stand at about four per cent of sales, would drop to a loss of 1.19 per cent.

Actually the losses in both stores would be much greater since increasing the wage floor would force up wages for everyone in the organization. In order to retain wage differentials, Mr. Chastain thinks he would have to boost wages by 50 cents to 75 cents an hour for the more efficient and skilled workers.

The devastating effects of the various proposed wage increases on the entire Lintz firm is shown in Chart 3.

"Frankly, no company our size can live under such circumstances," Mr. Chastain says glumly. "Undoubtedly we would have to (continued on page 118)

How profits could become losses

Chain store owner Joseph Chastain here compares an income statement for one of his smaller shops with what it would be in the future under a proposed change in federal minimum wage regulations. Assuming the shop's sales volume remains the same as it was in 1964, the regulations would push the enterprise from the black into the red. Almost the entire increase in expenses would be in salaries, which would rise 67 per cent.

	ACTUAL 1964		1969 with proposed minimum wage increase	
	Dollars	Percent	Dollars	Percent
Sales	163,152	100.00	163,152	100.00
Gross Profit	54,691	33.52	54,691	33.52
Other Income	5,008	3.07	5,008	3.07
Expenses:				
Salaries	23,125	14.17	38,620	23.67
Other	28,416	17.42	29,269*	17.94
Total Expenses	51,541	31.59	67,889	41.61
Net Profit	8,158	5.00	(8,190)	(5.02)

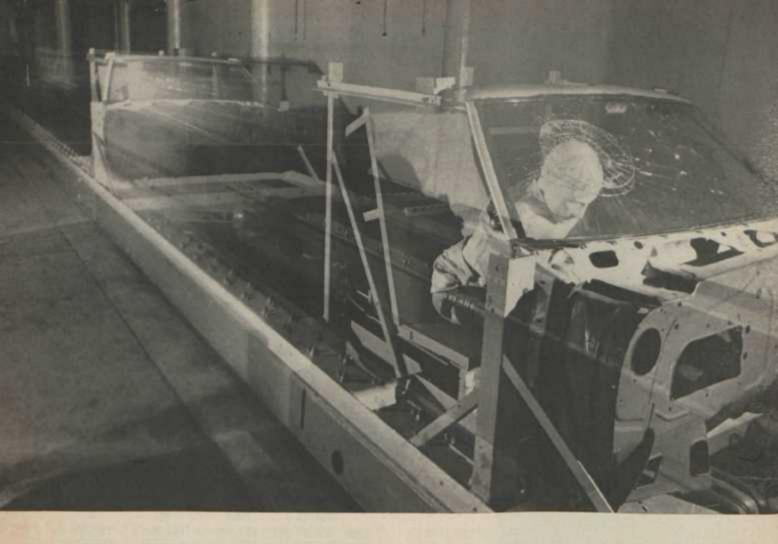
These figures show what one proposed minimum wage change would do to the income figures of one of Mr. Chastain's larger stores which already is covered by the wage and hour law. The proposal would raise the wage floor from \$1.25 now to \$1.75 in 1969. Expenses would gradually increase and profits decrease from a 4,94 per cent profit to a 1.19 per cent loss.

		CHART	2		
Sales Gross Profit Other Income	ACTUAL 1964-65 (\$1.15 & \$1.20) \$441,669 129,567 15,653	1966 (\$1.25) \$441,669 129,567 15,653	1967 (\$1.50) \$441,669 129,567 15,653	1968 (\$1.60) \$441,669 129,567 15,653	1969 (\$1.75) \$441,669 129,567 15,653
Expenses: Salaries % of Sales	52,202 11.82	59,693 13,52	67,164 15:21	70,297 15.92	75,159 17,02
Taxes % of Sales	1,911 .43	4,116 .93	5,060 1.14	5,299 1.20	6,048 1.37
Other % of Sales Total Expenses % of Sales	69,276 15.69 123,389 27.94	69,276 15.69 133,085 30.20	69,276 15.69 141,500 32.04	69,276 15.69 144,872 32.80	69,276 15.69 150,483 34.07
Profit (Loss) % of Sales	21,831 4.94	12,135 2.75	3,720 .84	348	(5,263) (1.19)

These figures show how the payroll of the entire Lintz chain would balloon if all 10 of its stores were brought under minimum wage regulations. Effects of four different proposed minimum wages are indicated.

RATE	DOLLAR INCREASE	PERCENTAGE INCREASE
\$1.25 an hour	\$ 84,389	29.19%
\$1.50 an hour	150,639	52.10%
\$1.60 an hour	171,077	59.17%
\$1.75 an hour	201,523	69.69%

CHART 3



Why cars are getting

A Nation's Business inquiry discloses the auto industry's long dedication to driver and passenger safety

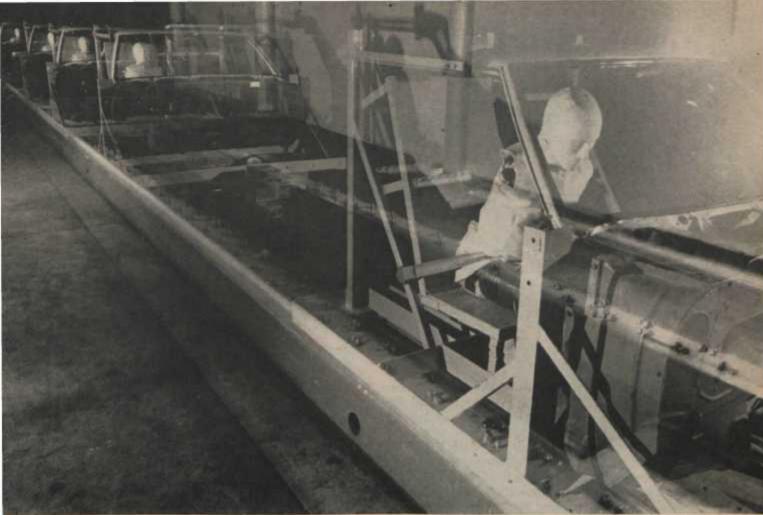
You're breezing along the expressway one fine day when a voice interrupts the car radio's music to warn: "Slippery pavement ahead." You slow down until farther along the radio voice assures that it is safe to resume speed.

Electronic voice guidance for the driver—it would work whether or not the car radio is on—is still some years off. But automobile makers foresaw the safety potential of the concept a decade ago. Since then, without prodding from either customer or bureaucrat, they've developed and tested working systems. And today they're moving on to still more such "far out" ideas which will make driving safer in the future.

Such independent invention and pursuit in the motor vehicle industry now is being threatened. Concern over the terrible traffic death toll-49,000 last year and expected to exceed 50,000 this year—has brought forth proposals to regulate and restrict the manufacture and marketing of automobiles. And it has fueled the accusation that safety takes a back seat to styling in Detroit.

President Johnson has proposed a new federal Traffic Safety Act. It would establish for the first time federal standards for safe vehicle design which could be enforced by banning the interstate shipment of vehicles not meeting them and set up a National Highway Research and Test Center.

More than 40 bills concerning highway safety are before the House Commerce Committee alone. The New York state legislature has financed a \$100,000 design study of a "safe car" and a number of other



PROTON BY JOS SWITLAN-SLASS STAR

safer

Auto makers consider both the belted and unbelted occupant when they design a car. Using an impact sled to simulate a forward collision, General Motors Corp. safety engineers test windshields and seat belts. The unbelted occupant, left, strikes the windshield. The glass cracks, but a new laminate cushions the blow and holds the windshield in one piece. Had the passenger been wearing a lap seat belt, above, he would not have struck the windshield.

state legislatures have bills before them that get into automotive de-

To find out just how much attention the automobile industry devotes to safety and what its plans and ideas are for the future, NATION'S BUSINESS went to the Big Four auto makers, interviewed their top engineers and witnessed what goes into making a car.

Recent Congressional hearings have made scare headlines-and elicited statements from some industry experts that cars could be made still safer.

The little-recognized truth is that safety has always been paramount with U.S. auto makers. They think that further progress in vehicle design and performance can best be made without government interference.

Furthermore, they and levelheaded thinkers elsewhere know that progress in reducing the accident and death toll can only be attained through a balanced attack: Safer cars, safer drivers and safer highways. To concentrate on one at the expense of the others could be tragic. The industry works on all three.

Safety before style

"Safety (in car design) is there from the start. It isn't something that all of a sudden dawns on you after you've left the drawing board," Ralph Isbrandt, vice president, automotive engineering and research, American Motors Corp., tells NATION'S BUSINESS.

Mr. Isbrandt's boss, AMC President Roy Abernethy, elaborates: "To listen to some of the critics, one would think the modern car was

carelessly put together in a styling studio overnight, and sprung on an innocent world. They say the stylist controls the concept of the vehicle. This is not true. If you don't believe it, ask our styling group. They can tell you how many in our company have a voice in product decision. I admire the great talent of the stylist-but his primary task is to make the result of a team effort look as good as it actually is."

For safety: \$500 million yearly

The industry spends at least a half billion dollars a year on safety, estimates Mr. Abernethy, who wears a second hat as president of the Automobile Manufacturers Assn. Each auto maker has vast and constantly expanding engineering and research complexes. And

(continued on page 76)

TOO BUOYANT A BUDGET

Instead of raising tax rates, why not let \$3 billion of air out of federal spending?

Washington policy makers talk about raising taxes to deter inflation. They brush aside an anti-inflation tool most businesses already are using: Cutting expenditures.

Congress could let lots of air out of the \$112.8 billion federal budget. It could be done without taking a dime away from the military or the poor.

A recent study of appropriation requests for the upcoming fiscal year turns up 51 specific, fat-laden areas. The reductions would save America's tax-payers more than \$3.3 billion and materially lessen inflationary pressures. Not to mention savings such as the cost of collecting any tax increase, which is about half a cent for each dollar collected.

The \$3.3 billion cuts were urged by the Chamber of Commerce of the United States, after 17 Chamber committees had sleuthed their way through the fiscal 1967 budget in an assiduous search for the superfluous, the ill-advised and the postponable.

One recommended cut, for example, would trim \$24.8 million from the budget of the federal Employment Service, a vast network of subsidized employment agencies offering job aids for anyone from bartenders to beauticians. For three years, the Service has received its appropriation on the basis of job placement estimates averaging 10 per cent more than those it actually made.

Another would chop \$21 million out of a total of \$91.7 million requested for highway beautification, hardly a wartime need.

Another suggested cut would eliminate entirely \$5.1 million requested for a program that would put the federal government into training state, county and local government employees.

These items are small compared with other savings recommended. For instance, take:

Cropland diversion: It is suggested that \$170 million be pared from the \$200 million Cropland Adjustment Program, under which agricultural lands are diverted from farm production to other uses. Some \$30 million for this program in fiscal 1966 has not yet been spent. In addition, why withdraw more cropland

from production when the Administration is pressing plans to meet rising world hunger?

- Rural Electrification Administration: A slash of \$112.5 million is recommended from a budget request of \$305 million. REA continues to grow, though its original mission of electrifying farms has been substantially completed.
- City demonstration grants: \$12 million requested to show cities how to combine various federal subsidies to promote city improvement is opposed. The reason: "Lasting solutions to city problems cannot be expected to come from continuing and growing infusions of federal funds but must come from selfgenerating and regenerating activities organized by local leaders and operated in a climate of incentives conducive to progress."
- Water and sewer grants: Refusal of the \$100 million requested for these facilities under the Housing and Urban Development Act is urged. Abundant financing devices already are available, including the government's own public facilities loan programs.

Other reductions recommended include a \$2.3 million cut in the budget request of the National Labor Relations Board; a \$14.8 million slash in funds for the Tennessee Valley Authority, largely for recreation purposes, and a reduction of \$187 million in questionable foreign aid projects.

TVA, like its alphabetical cousin, REA, has grown far beyond its originally intended function as a power producer and flood controller and now engages in a multiplicity of activities, including coal mining, land speculation and fishing.

Recommended cuts in the upcoming fiscal year focused on "nonessential programs, many of which would result in increased federal intervention in state and local affairs and some of which may actually fall outside the scope and intent of existing legislation and authority." Most of the budget requests, of course, were supported by the business federation. They include such programs as manpower development and training activities, vocational education and all defense appropriations.



beatniks and smutniks WEIRD WARRIORS



Peaceniks,

IN WAR ON POVERTY

A Nation's Business investigation finds all manner of extremists on payrolls of anti-poverty programs

Left-wing radicals are cashing in on the federal government's war on poverty.

They range from members of official anti-poverty policy-making and advisory boards to full-time paid workers on public anti-poverty projects.

Of course, most of the people engaged in the federal anti-poverty crusade are stable and dedicated Americans whose aim is to uplift the nation's poor, not exploit them.

However, radical organizations are being subsidized by your tax dollars in that a federal program pays much of the salaries of young workers hired to promote the organizations' extreme causes.

No one claims that the war on poverty has been captured by communists or new-left student groups who wage a variety of antigovernment campaigns.

But this appears to be the goal of the extremists, just as the communists tried to take control of the labor union movement a generation

Investigation shows, too, that some anti-poverty militants cheerfully work with extreme radicals, handing the extremists the prestige or funds of a federal program and a chance to agitate among the poor for their own ends. In fact, because of complaints and inquiries from San Francisco, New York, Chicago, Denver and Kansas City, the federal anti-poverty agency, the Office of Economic Opportunity, has now forbidden the hiring of new people suspected of disloyalty to their country, subversion or hostility to the anti-poverty program. But the order did not require the firing of radicals already on the payroll.

In just one of the areas cited, San Francisco, Nation's Business examined several activities under the \$1.5 billion anti-poverty program and related work-study program for needy college students.

The findings suggest what could happen across the country under lax policies on the part of the Office of Economic Opportunity and other agencies which share in the running of the many-faceted war on poverty. Items:

 In San Francisco, a member of an official advisory board in the city program is John Ross of the Progressive Labor Party, which the FBI calls a communist group with allegiance to Red China.

Using his position as a board member, he sought to undermine the city's program to help the poor in a pamphlet entitled "The Million Dollar Bribe," calling it a plot to buy off or intimidate militant leaders of the poor.

 A member of the Berkeley antipoverty board, Howard Harawitz, is a former member of a W.E.B. DuBois club. FBI Director J. Edgar Hoover calls the DuBois clubs "communist - spawned." Attorney General Nicholas de B. Katzenbach has petitioned the Subversive Activities Control Board to declare the clubs subversive.

Mr. Harawitz told Nation's Business he resigned only because he left college, adding: "I don't have any basic disagreement with them."

In nearby Richmond, Calif.,
 William Callison, who concedes former membership in the left-wing May 2 Movement, is employed part-time as a community organizer of the poor under the federal workstudy program.

The government's work-study program was created under the antipoverty office to provide jobs for needy college students on campus or in nonprofit institutions working off campus "in the public interest."

The FBI describes the May 2 Movement as the Progressive Labor Party's "youth front."

• Another work-study organizer is Denis Mosgofian, a leader of the Peace/Rights Organizing Committee, an outgrowth of the anti-war radical Vietnam Day Committee. • Down the coastline in Santa Clara

 Down the coastline in Santa Clara County, there are reliable reports that left-wingers, including suspected onetime communists, worked successfully to elect a power bloc to control the local Economic Oppor-

(continued on page 88)

LESSONS OF LEADERSHIP: PART XII

SOLVING PROBLEMS BY ORGANIZED ACTION

A conversation with M. A. Wright, newly elected President of the Chamber of Commerce of the U.S. and Board Chairman of Humble Oil & Refining Co.

M.A. (Mike) Wright is known to his associates as a full briefcase man. "He always does his homework and always knows what he's talking about," says a fellow executive who has worked beside him most of his life.

Mike Wright's briefcase will be bulgier than ever from now on.

In May, he takes office as the newly elected president of the Chamber of Commerce of the United States of America, with headquarters in Washington. The National Chamber is the nation's largest and, as Mr. Wright observes, "most broadly representative" business association.

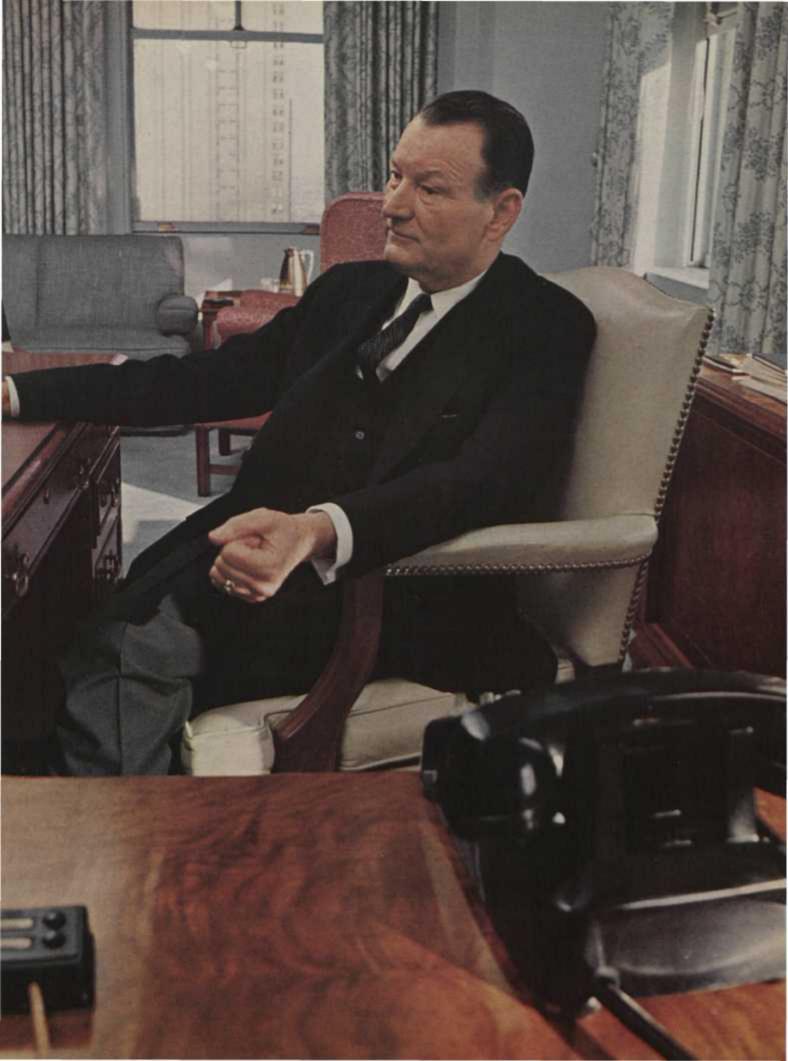
In June, he takes over as chairman of the board and chief executive officer of Humble Oil & Refining Co., with headquarters in Houston. Humble is the nation's largest producer, refiner and marketer of petroleum products. Mr. Wright, at the moment, is an executive vice president and director of Standard Oil Co. (New Jersey).

What kind of man is this who can simultaneously take on two such leadership-demanding and time-consuming jobs with two such far-flung organizations? How does he operate? What's his philosophy? What lessons of leadership can other businessmen learn from him?

For insights into these and other questions, a team of NATION'S BUSINESS editors interviewed Mr. Wright in his Rockefeller Center office.

To a great degree, the office mirrors the man. Three paintings of Indians and the Old West hang on the walls. A huge colored globe rests in its holder in one corner. Various company and personal mementos—an autographed picture of the late Eugene Holman, former chairman of the board of Jersey Standard; a gadget made from a miniature oil can; and a ceramic tiger pacing a cabinet top—are among the objects in the room.

The Indians reflect Oklahoma, where Myron Arnold Wright was born in 1911, attended schools in small towns and received an engineering degree from Oklahoma State University. Despite years away from the state, he still talks with a diluted Oklahoma accent. Small town terms ("dry goods store") still pop up in his speech. He has





"It costs about the same as two bowls of fried rice!"

George Chin, President, China City

Tim Yup is treasurer of China City.

He'll tell you just how little a Xerox 813 can cost.

A little more than a dollar a day.

China City gets 500 copies a month
for \$32.50 (plus the cost of supplies).

This includes everything. There's no depreciation
because you don't have to buy the \$13.

There are no maintenance contracts to buy
because Xerox takes care of the machine.

What does China City do with a copying machine? They print all their menus on the 813.
They make copies of invoices. Copies of receipts.
Copies of letters, Copies of all kinds of things.
Perfect black-and-white copies.
In copying, like everything else,
you get what you pay for. The best copies.
The best copiers. The best service.

RS. Next time you're in Salem, Oregon, and you want a great Chinese meal, stop in at China City.



XEROX

TIME SOMEWHALE, SOMETHING, SERVICE LAND.

SHOULD STREET IN ADMINE, S.R. STREET, SHOULD BE ASSUMED WITH
SAME STREET, I'V. NAME SHOW J.T. STREET, THE BEST ST., SQUAR,



"Our computers convinced us Ford's new Diesels would cut maintenance costs... that's why we've ordered

409 of them" ...a report by Mr. Benjamin S. Horton, Administrative Vice-President, Associated Transport, Inc., New York City, N.Y.

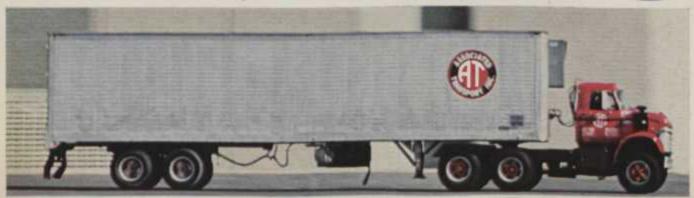
FORD HEAVY TRUCKS

"Before ordering the latest trucks in our Dieselization program, we made an extensive computer study of our operating costs. We checked our current Fords as well as other makes. This gave us a basis for establishing our bid specifications.

"Ford, using our specifications, had its own computers determine which Ford tractors and trucks would perform best for us at the least cost. Then, working with our people, Ford examined all cost areas. One thing they confirmed was that direct rather than over-drive transmissions would reduce maintenance costs considerably—with the same fuel economy. Their computers showed that improvements made over the past three years in the N-Series tractor, for

example, also would cut maintenance costs.

"Well-documented evidence of lower lifetime costs convinced us we should choose 409 Ford Diesels —197 linehaul tractors, 80 shorthaul tractors, and 132 P&D trucks. In total, we've ordered 528 Ford Trucks in the last 12 months."



SOLVING BY ORGANIZING

continued

the looks of a streamlined John Wayne, the star of horse operas. Mr. Wright keeps trim playing tennis. He and Mrs. Wright have one daughter, Judith, now attending Hollins College.

Mr. Wright's mementos point up the fact that his entire career has been with the Jersey Standard organization. [The tiger, of course, is the animal that the oil company invites you to put in your tank.]

The globe symbolizes two aspects of the man. One, Mr. Wright has traveled and had responsibility for operations abroad in one degree or another for many years. Thus, he is able to talk from experience and knowledge of problems with the broadest international interest, as well as matters of domestic concern to individual businessmen. Secondly, the globe dramatizes Mr. Wright's belief that businessmen today, no matter what size their operations, must think broadly and think big, whether the field is business growth, economic policy or public affairs.

Here, then, are the thoughts of M. A. Wright, who is likely to take his two big new jobs in stride and continue to know just what he's talking about.

Mr. Wright, when you were graduated from college in 1933 we understand that you were offered a job as a county engineer but decided instead to be an oil field worker. What made you make that decision?

Well, in Oklahoma, oil is really the essential industry. So the opportunity appeared to me to be much greater with an oil company than with a political body.

You were looking ahead then?

Of course. Though, you know, that was during the depression and jobs were pretty scarce. I went to work at \$87.50 a month, and I felt I was quite fortunate to get the job. But the cost of living was pretty well scaled to the wages I got. For instance, you lived in a bunkhouse for \$4 a month. You had your board for \$1 a day and when you got through all that, you always had a little money left over at the end of the month, which isn't always true any more.

How did you progress to the managerial end of the industry, Mr. Wright?

Of course, in 1933, the oil indus-



Mr. and Mrs. Wright soon will be moving from their home in Scarsdale to Humble's Houston headquarters.

try was in the depths of the depression, too; very little going on. Then, within the next few years, things began to pick up. Management began to look around to see who could do something besides digging ditches. They needed a surveyor. They needed someone to take inventory, to run analyses on gas, and other skills. There weren't too many college graduates then. So it helped to be on the right spot at the right time. This job was with the Carter Oil Co., now part of Humble Oil.

In addition to being "on the spot," what qualities would you say have been most important in your success?

Well, that's a pretty tricky question. I don't believe anyone can be completely objective about his personal qualities.

If you ask what it takes to get ahead in industry, the quick answer is, assuming a man has average ability, that he has to be willing to work. This is what I talk about to young people who come to work for us. There's no magic about getting ahead in a corporation. But you do have to work harder than the fellow next to you, and in this way you can prove your ability.

Lots of people have the feeling that you have to know the right people to get ahead. That hasn't been my experience. Certainly it's not true in this company. Every successful person here has become what he is through his own efforts. Our people are highly competent professionals who have moved up through the organization and who have proved their potential and ability to a broad group of their associates.

There's another important quality for getting ahead in a large interna-(continued on page 60)

BUSINESS: A LOOK AHEAD

Builders fight costs

(Construction)

Supermarket space race

(Marketing)

Gas to prevent fires

(Natural Resources)

AGRICULTURE

Livestock industry strives to smooth out year-to-year shifts in supply, painful price swings.

"It's not major yet," says Agriculture Department expert, "but there are signs—straws in the wind."

Some packers, for example, have tried in recent years to even out cycles by contracting for supplies well in advance. Recent gyrations in hog prices give this trend an extra nudge.

Authorities on agriculture outlook note long-term trend toward more stable production; not so for prices.

They explain that mass-buying food chains hesitate to curtail buying even when temporary shortages start prices upward.

Why? Because affluent consuming public is willing to pay higher prices for preferred products rather than switch to lower-cost substitutes,

CONSTRUCTION

Construction industry strives to cut costs—or hold down increases in years ahead.

"I think everybody's concerned about where we'll be five or 10 years from now," observes Washington expert on industry trends.

He notes more cost awareness

among contractors, designers, codeenforcement officials when they consider new materials and techniques.

University studies are under way seeking greater efficiency. Example: Producers Council, organization of building materials makers, has backed investigation of improved distribution methods for materials.

Other efforts include joint industrylabor job training programs, like cooperative effort by Forest Products Association and National Joint Carpenters Apprentice Training Council.

Late last month, National Housing Center Council, a group of 42 manufacturers, held special conference in Washington on serious manpower shortages in the industry.

CREDIT & FINANCE

Auto insurance companies hope nuisance rulings in Maryland and Virginia don't spread to other states.

Those states' regulators have held that insurance rate justification formulas should include any profits accruing from investment of unearned premiums as part of companies' income.

These are funds a company can't consider its own since a policy-holder is entitled to a refund if he cancels. Premiums are paid in advance and "earned" at the rate of one twelfth per month over the life of a one-year policy.

The industry opposes attempts to count investments among factors determining reasonable rates. A policy-holder's rates and coverage aren't affected if an investment goes sour, they argue.

Forces opposing rate increases often contend investment income insurance companies receive should enable them to hold rates down. Maryland and Virginia rulings are regarded as bad omens. "There is concern in the industry," says a spokesman for the Insurance Information Institute.

Amounts at stake are relatively small—an estimated 50 cents on each \$100 premium—but add to cost-cutting problems of a highly competitive industry.

NATURAL RESOURCES

Use gas to prevent fires?

One major manufacturer is developing a gas burner to incinerate grease vapor—a major fire threat in nation's half million restaurants.

Could help lower insurance rates.

That's just one application of its product developed by American Gas Association under stepped-up research program aimed at new markets.

Another is gas-fired, window airconditioner, for which prototypes are being built this year and testing is planned during the 1967 season.

Research effort by AGA—excluding that of individual companies—is more than \$5 million this year, 25 per cent increase over 1965.

Aim is to bring appliance manufacturers into association's research process at earlier stage, working to expand old markets, find new ones and reduce costs.

FOREIGN TRADE

Will Latin American imports zoom? State Department speculates they will, despite trends in recent years that puzzle experts.



Latin trade prospects brighten (see Foreign Trade).

A cherished theory is that developing areas, with large infusions of funds from outside, tend to increase imports over exports, mainly imports of capital goods.

During the past five years, however, export sales of 19 Latin American countries rose from \$7.9 billion to an estimated \$10.2 billion, while imports have risen from \$7.7 billion to only \$8.5 billion.

Argentine exports rose by nearly a half billion dollars while imports actually declined. Imports by Brazil, a much larger nation, dropped even more sharply and in 1965 stood lower than those of Argentina.

U. S. officials speculate that sharply increased imports will come. The surge may be only postponed.

If they're right, this could mean a market expanding by hundreds of millions of dollars. Current U, S. share of Latin American imports is over 40 per cent.

MANUFACTURING

Trend-watchers expect "tremendous progress" in coming years in metalworking techniques currently under development.

Electrical discharge machining now uses sparks to remove minute particles from a work-piece being processed. Experts expect the estimated 4,000 machines now in use to double by 1970.

Other techniques developed recently include using chemicals to shape metal, electrical impulses to create a reverse electroplating effect, plus use of heat, sound, cold, light beams.

National Machine Tool Builders' Association notes many processes were developed for aerospace industry.

Observers at Battelle Memorial Institute say "exotic processes" will see much wider use if recent increases in research continue.

Labor costs, introduction of hardto-machine metals, demands for greater reliability and precision, progress in automatic controls combine to force change.

MARKETING

Signs of growing resistance among supermarket operators to influx of new products that are only a little bit new:

"Someone may have to step in and establish some priorities" in fight for scarce shelf space, notes a New York ad man in the wake of recent marketing conference.

And Harry Flynn, a Grand Union chain official, has jokingly suggested a private bureau of standards to deter-

mine what's new and what only smells new.

Basic problem is that expanding product lines and new models of older lines compete for exposure in comparatively unexpandable store.

To the supermarket men, many an added item seems close to mere duplication.

"We're all for new products," says Mr. Flynn, director of inventory management programs and control techniques for the 572-store chain. "The question is: What's new?"

If a manufacturer is promoting a world-beater of a new product, says Mr. Flynn, he should be asked: "What will this replace in your own line—what can we drop?"

The chains can help solve part of the problem, he adds, by better inventory control and use of available space.

TRANSPORTATION

It could take decades to emerge, but the new collision-avoidance system being developed for the nation's airlines may serve eventually as a total network for air traffic control and communications.

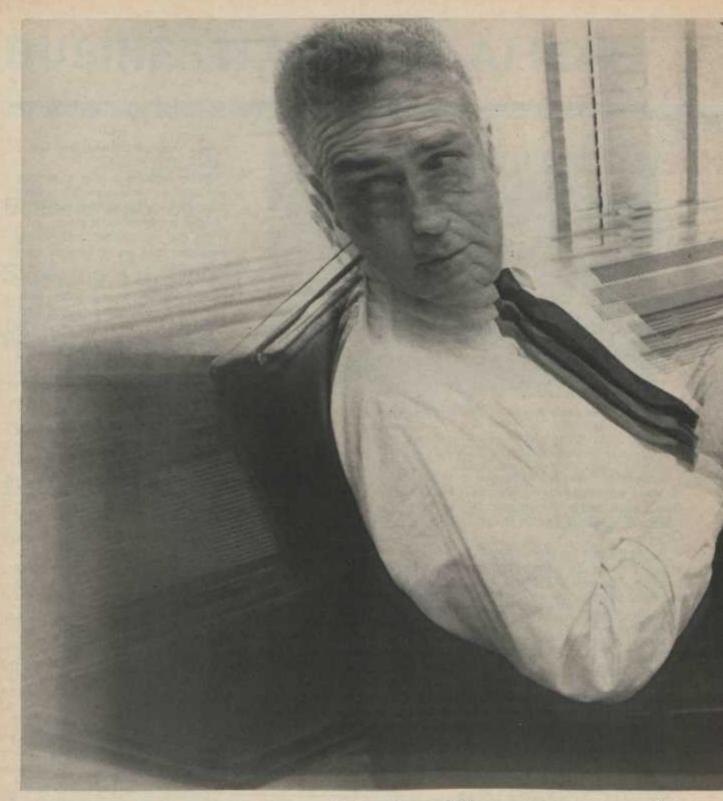
The anti-collision system now backed by the Air Transport Association uses the "time-frequency" approach, whereby each plane in flight emits coded signals at a predetermined time.

Any pilot can measure his distance from a signaling plane by comparing its transmission schedule with the time the signal reaches him.

Changes in the relative position of two planes can be determined by the change in signal pitch, which varies with the speed of approach. Altitude, a third crucial element, is indicated by the signal code itself.

ATA experts foresee a time when the system could be expanded to add navigation, aircraft identification, ground control and handling of all airground communications.

This would mean fewer, not more, "black boxes" installed on planes to meet communications and other needs.



It's bad business to let

Let's face it.

No businessman wants any part of a risky business. But that's exactly what you've got when you have not insured your principals and key men.

After all, these are the people you depend on for a smooth-running, prosperous operation.

Where would you be without them?

To make certain that you'll never have to face this



a good business become a risky business

question unprepared, Ætna has set up its Business Planning Department. Just say the word and a team of business insurance life specialists will recommend suitable safeguards.

This service is free. And what you choose to do about the findings is up to you.

If nothing more, you'll at least know where you stand.

In that respect, you owe it to yourself, your family and your business to contact one of our Life Representatives and have him put the Business Planning Department to work for you.

Ætna is the insurance company that businessmen prefer. You're about to see why.

THE CHOICE OF BUSINESSMEN

Congresswoman charges:

Washington consumer aid is deceptive packaging



Mrs. Catherine May, consumer expert and U. S. Representative from Washington State tells why bill to regulate packaging would force prices up, discourage inventiveness that lets shoppers have wide choice of products.

Consumers need government-dictated protection like they need flat wheels on their shopping carts.

This is the opinion of Mrs. Catherine May—a housewife, consumer expert and U. S. Representative from the State of Washington.

What's more, newly proposed consumer legislation holds hidden costs that would beef up shoppers' grocery bills.

President Johnson has urged legislation "to protect the American consumer's rights in the marketplace." Congressional action is expected soon on the so-called "truth in packaging" bill of Democratic Sen. Philip A. Hart of Michigan.

Congresswoman May points out, however, that there already are laws on the books which empower federal agencies to deal with the problems cited by proponents of more protective legislation. She adds that there also are many existing federal programs to aid the consumer.

A member of the National Commission on Food Marketing, Mrs. May is the second ranking Republican on the Domestic Marketing and the Consumer Relations subcommittees of the House Agriculture Committee. She is a former teacher, writer, radio commentator and radio producer.

In this interview with an editor of Nation's Busi-NESS, she tells why she believes consumers have all the protection they need and why the Hart bill could raise producers' costs, consumer prices and discourage innovations.

Mrs. May, what are the complaints about packaging and labeling which have prompted the so-called truth in packaging legislation?

Eleven complaints have been singled out for special handling in the bill.

These include complaints that contents or weight statements are hard to find, contents and weight statements are hard to read, terms like "giant half-quart" instead of "pint" exaggerate true contents.



PHILIPS BY SCORES SAVES

Shopping in her local supermarket, Representative May says: "A businessman can't stay in business unless his customers like the values and the products."

Another complaint is that "cents-off" sales are not always a real price cut.

Pictures on containers are said to be misleading as to what is inside.

Commodities are sold in so many weights and quantities that consumers are unable to get really meaningful comparison of prices, it is said.

There also are complaints about packages that are what we call "slack-filled" or are shaped in a way to mislead the purchaser.

Another complaint is that package designations small, medium or large—are sometimes confusing.

Information on food containers about the number of servings is said to be sometimes inaccurate. An often heard complaint is that weight or contents statements have little meaning for some products such as soaps and detergents. The effectiveness of products like soaps and detergents depends on the ingredients rather than quantity; there are those who say that the customer would be better informed by a performance statement such as "washes 10 pounds of cotton clothing."

Then, a final complaint is that ingredients are not always shown on labels.

Do you feel that these complaints are justified?

No, not to the extent that further legislative re-

straints on business are needed. I think that the proponents of the bill have failed to recognize what the businessman has to do to keep his toehold in a competitive marketplace.

I am not saying that businessmen are any more honest than anyone else, but neither are they less honest than anyone else.

We have developed information that shows that to get a new product researched and on the market takes not only a great deal of capital investment, but also it takes years to get back the original investment and begin to generate a profit.

This certainly should make it obvious to consumers that a one-time purchase is just not enough for a businessman. He has to have repeat business. A businessman can't stay in business unless his customers come back—because they like the store, because they like the products.

There may be some quick-buck operators, but I don't think any of them are going to last very long, and they shouldn't. We have laws to take care of them. No one should profit by deceit at any time.

But what I think the proponents of legislation like the packaging and labeling bill and other types of so-called consumer protection laws fail to recognize is just how the competitive marketplace keeps the businessman honest and on his toes—because he must

performance:

Our "50" Series
chairs are built
for hard use
in the
"working" office—
an important
difference



but the Big Difference is the money you save.

Our full line of office furniture will save you money on initial cost and maintenance. It will increase efficiency and outwear competitive lines. See Cosco before you buy. Find your Cosco dealer in the Yellow Pages or write us.



Hamilton Cosco Inc., Dept. NB-56 Office Furniture Division, Gallatin, Tenn.

CONSUMER AID

continued

have this repeat business. If he is going to get a reputation for cheating or deceit or misconception or deception, he is not going to stay in business in this very highly competitive system.

How would the Hart bill handle the complaints which have been made?

The Federal Trade Commission and the Food and Drug Administration could draw up additional rules and regulations covering the points I've outlined. Then businesses would have to comply or else.

Do you feel that the abuses cited are so widespread that such legislation is needed?

No, I don't. We have abundant evidence developed in hearings that all of the so-called abuses singled out by the Hart bill for action are already covered under present law. These are laws that exist now to be administered by the Federal Trade Commission and the Food and Drug Administration.

Then the FTC and FDA have power to curb such abuses?

Yes. For instance, the Federal Trade Commission Act uses very broad language and prohibits any unfair or deceptive packaging or labeling practices. I quote from the law: "Unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce are hereby declared unlawful."

I might further quote the chairman of the FTC, Mr. Paul Rand Dixon, who said: "I believe that this weapon..." and he is referring to the wording of the law, "... is all that is necessary to protect competition and the consumer if the Commission and courts are as ingenious as offenders."

On the matter of weights, the FTC has decided that "facts that the consumer considers material to his decision" must appear "in clear, conspicuous type" on the "front or face panel of the container."

Then, let's take this matter of cents-off promotions. Right now, under an FTC order, any time a cents-off promotion is used and there is no real price cut, this can be stopped.

Now let's go to this problem of slack-filled boxes. The consumer can always ask the Federal Trade Commission to take action on this because an order was made by the Commission in an actual case. It prohibits packages that "are appreciably oversized or in containers so shaped as to create the optical illusion of being larger than conventionally shaped containers of equal or greater capacity."

Furthermore, the FTC can require listing of ingredients on packages if there are any dangerous substances in them. Also, under the Food, Drug and Cosmetic Act, labeling is specifically prohibited that is "false or misleading in any particular."

By the way, the Food, Drug and Cosmetic Act has very precise requirements on weight statements. I have already mentioned that the FTC has authority to act in cases of slack-filled containers. I should also mention that the Food and Drug law also prohibits containers that mislead as to quantity. The actual wording of the law prohibits containers "made, formed or filled as to be misleading."

You feel, then, that existing regulations are adequate to control any abuses that may occur?

I certainly do.

If any of the 11 practices singled out for attention in the Hart bill involve unfair, deceptive, false or misleading packaging and labeling, they can be prevented.

Would the federal agencies still bear the burden of proving violations under the Hart bill?

No, not in the same way as under existing law.

Presently, if either FDA or FTC believe that a particular package is misleading or unfair, then the packager stands trial and the agencies introduce evidence to prove that the package is unfair or misleading. The packager, of course, has the right to prove that their charges are incorrect. He has his day in court as anyone else would in a legal controversy.

But under this proposed legislation, the agencies themselves could write their own rules in advance, saying that certain specific things are automatically illegal. If a label or a package did not comply with a particular rule, the agency could take immediate action and would not have to prove that the label was unfair and misleading.

As an example, let's talk about cents-off labels. The FDA and the FTC could make a regulation saying that all cents-off promotions are prohibited. From then on, these agencies could just stop any cents-



Richard P. Hoyt, Production Control Supervisor, Seitz Manufacturing Company, Milwankee, Wisconsin, uses the McBee '360' System to give him complete control over all phases of plant operation.

"A McBee '360' System helped us double production. By giving us organized control of work and costs. Quickly. And inexpensively.

When you're a growing hydraulic cylinder manufacturer, getting new business is just half the battle. You also have to deliver the goods. And our rapid expansion had created problems that our old ways of doing things just weren't up to. Our doubled production made it necessary to keep materials flowing and work stations operating at maximum efficiency to meet delivery dates. We needed a system that could give us organized, up-to-date reports. Reports we could use when we needed them.

The McBee '360' gave us what we were looking for. By giving us control over scheduling and costs, it helped us load the shop effectively by work stations, project accurate delivery dates, and control labor distribution and job cost. And it helped increase our efficiency by giving us reports on each station and worker. Our staff can refer to it instantly. No outside service is needed.

So far, we have doubled our production without the strains and inefficiencies so typical of a rapidly growing business. And we see no end in sight.

Over each of the next five years we forecast a 20% increase in business. The '360' will help make it possible. After all, it's prevented growth pains and pointed the way to a more profitable future operation. All easily, inexpensively and mechanically. What more could you ask from any data processing system?"

Cards are run through the '360' Tah/Punch Reader to be added and code punched for amounts. Afterwards, cards can be summarized by desired categories quickly and easily.



Keysort cards are periodically sorted into desired categories for subsequent tabulation. With the Keysort method a clerk can sort large numbers of cards in minutes.



McBEETH

CONSUMER AID

continued

off deals without proving that they were unfair or misleading.

Now, in a case where a cents-off deal might be a real bargain, it still wouldn't matter. The packager wouldn't have a chance to prove that be was offering the housewife a real shopping bargain.

So the consumer would be deprived of the bargain offered by cents-off promotions?

This would actually deny the consumer the offer of a bargain.

Would standardizing sizes and shapes by law work to the disadvantage of small producers?

Yes, I certainly think it would. This is a terrifically competitive business, as I have indicated earlier. I really think that small producers would be hurt most of all by this bill.

The best device available to a small producer for breaking into a market is his own imagination, his own ingenuity. Many times this is done through the imaginative use of new products and new packaging techniques. This way, a small producer may be able to compete successfully and succeed, even though he can't, for instance, afford to go into national advertising campaigns.

Under a bill like Senator Hart's, with its strictures on innovation, a small producer's opportunity to develop new packaging methods would be extremely limited.

May I add further that the cost of complying with such regulations might be prohibitive for some of these small companies. In designing a package for a product, of course, the small packer has to do his best to hold the cost down. His packaging line facilities, his available packaging materials are very limited. Therefore, the package is going to be designed to fit facilities and materials already in his shop. He certainly can't afford to design the package first and then buy the necessary machinery and materials later.

Say this small producer makes a number of similar products. It is likely that the same machinery and containers will be used for all of them. Here again, this is the way he cuts his cost.

Wouldn't such packaging regulations raise the cost of any product, whether made by a small manufacturer or a large one?

It certainly would. The very same principles that cut costs for the small producer apply to all types of packaging, all types of producers who use machinery to fill their packages.

If we get into very stringent rules and regulations that would prohibit this cost-cutting use of modern machinery, then it seems very obvious that the added cost is going to be passed on to the consumer. It seems to me that the proponents of this legislation have completely missed the point on this.

How much will it cost businessmen and consumers if the Hart bill is enacted?

There just are no definitive estimates of the total cost available, but perhaps there are some benchmarks that we could use.

One large detergent manufacturer testified that his company uses one carton for four brands of detergents, each of different densities. He said that it would cost his company \$8 million to modify its present machinery if standard weights are required for these four brands. Of this sum, \$2 million would be repeated yearly to buy cartons in the various sizes required and to constantly change the machinery for runs of different sizes,

Speaking as a housewife, is this legislation what consumers really want?

I very honestly do not think so. We have had a number of opinion polls in the past few years to sample the views of the consuming public. I have carefully screened these polls and I have also done research among those magazines that are oriented to giving the American people information on buying. I have asked them what kind of complaints they get and what questions they get. From this, it certainly seems obvious to me that there is no general clamor for this kind of legislation.

If the public were really informed as to what the effect of such legislation might be, we might get a general clamor against further socalled protection on the basis that it would probably cost us too much.

Aren't there a number of federal programs already in existence to help the consumer?

There certainly are.

A survey made in 1961 showed that in the federal government 33 departments or agencies out of 35 considered that they performed consumer protection activities. These 33 were involved in 118 different activities, either protecting the consumer or advancing the consumer interest. In these 118 activities, 65,000 full-time federal workers were involved and the projects cost around \$1 billion a year. If you add the additional 135 programs being carried on by these agencies which were felt directly or indirectly to protect or help consumer interest, you come up with a total listing of 296 federal programs to help the consumer.

Of course, to this we must add state, county and city programs. States spend nearly \$34 million annually on regulation of food, drugs, cosmetics, and related products.

In the face of all of this, is there anything the consumer does need?

I think we need a better type of consumer information and improved dissemination of the tremendous amount of consumer information that we already have.

We have never had more consumer information available to the American public than today.

But this is not to say that this information is being disseminated where it should be, and it is certainly not to say that it is being used correctly or, in some cases, being used at all.

By their very ingenuity and inventiveness, today's food manufacturers have given this country the greatest array and abundance of food products of any nation in the world. The real problem is how to make choices today.

As of last year, half our population was 25 years of age or younger. About half our first-married brides are under 20. I think this substantial group of young American families probably has more need for consumer information than any other group, and I think this is where enlightened industry—the food and advertising business in particular—should inform the consumer better.

I am sure that well developed consumer information is going to be far more useful to protect "Mrs. Shopper" than any legislation, but I have to go one step further: She has the final responsibility to use this information when it is developed for her.

Our whole political system rests on informed people making sensible choices. If a consumer is not willing to get the information available and use it, then all the legislation and all the information and all the advertising in the nation will be of no value to her.

Don't wait for your girl to find it! Get Oxford Lateral Cabinets.

It takes only seconds to get your hands on important papers when you have a Lateral Pendaflexer beside your desk. You get instant filing and finding.

Oxford Laterals are attractive, too. Wood grain tops are available to blend

in with your office decor.

Their appearance and size make them fit almost anywhere. Consider them specifically for all kinds of tight places where standard end-opening cabinets won't fit.

In narrow corridors. Along crowded walls. Behind a secretary's desk. In busy work areas, where they can also serve as room dividers.

Even with the drawers wide open, Laterals are only 2½ feet deep. Standard file cabinets, by contrast, eat up a hoggish 4½ feet.

Yet each Lateral drawer holds 21% more files.

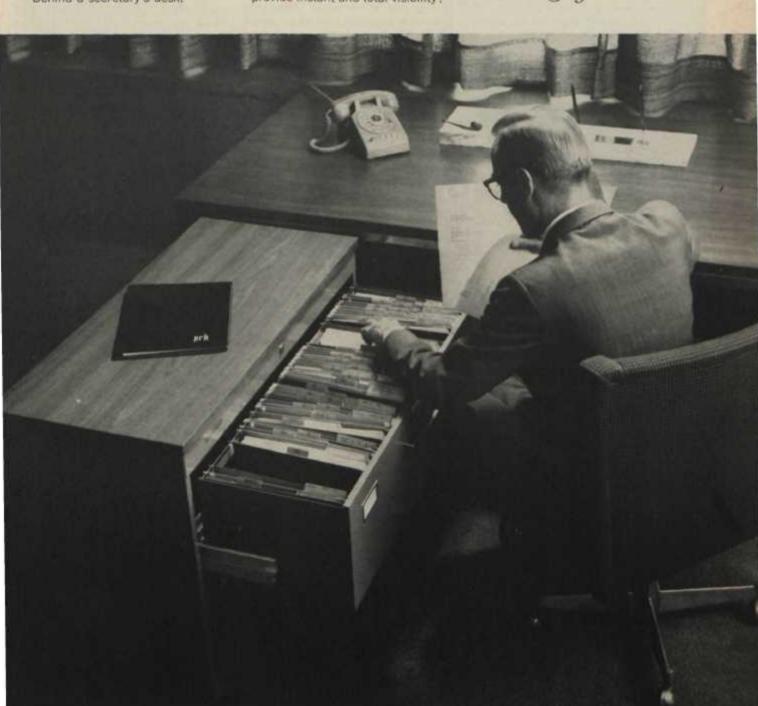
Inside, Oxford Laterals offer all the advantages of famous Pendaflex* Speed Filing.

The files glide smoothly over the rails. No shoving, no tugging, Folders are slump-proof and sag-proof. Tabs provide instant and total visibility.

With Pendaflex Speed Filing, a girl can file about 400 papers an hour. Compared with only around 100 the old way.

So to simplify filing problems for executives and secretaries alike, write to us for an Office Space Planner, plus complete information on Lateral models and prices. Address: Mr. W. I. Thompson, Vice President, Oxford Filing Supply Co., Inc., 46-05 Clinton Road, Garden City, N. Y. 11533.

Oxford



After years, what do you do for an encore?

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our 1000 U.S. dealers from coast-to-coast. Write for illustrated brochure and name of dealer nearest you.



FACIT-ODHNER INC. . 222 East 64 St., N.Y., N.Y., Dept., NB1



SOLVING BY ORGANIZING

continued from page 49

tional company like this one. You have to be willing to sacrifice. By that I mean a person has to acquire experience in many different parts of the business. He has to work in a number of different geographical locations.

In our company, therefore, you usually find that the successful ones have worked abroad in two or three different countries, or had jobs in different states in this country and in several different departments. In this way, he becomes a wellrounded executive.

All this calls for some degree of personal sacrifice. It's much easier to stay put in one place. Changing positions, and this applies to moves within the United States as well as foreign ones, involves uprooting your family with all that involves, such as changing schools. But this sort of sacrifice is asked for fairly often in a company such as ours.

Your maxims would apply to most companies, wouldn't they?

For most big international business corporations, I think this is true. Obviously it is less important for smaller and more local business organizations, but I imagine that in almost any business setup, the principle of personal sacrifice is one that should be considered by the ambitious man who wants to get ahead.

Mr. Wright, as you look back on your career, what has given you particular satisfaction?

I think I've probably had my greatest personal satisfaction in helping to build organizations and train people for executive positions.

Our company's work in Libya is a most dramatic example. We went to Libya in 1954 and, as part of an industry group, aided the government in writing a petroleum law. At the same time, we obtained some exploration concessions and started searching for oil. In 1959 we discovered oil in commercial quantities, and then we really went to work. We made the first shipment of oil from Libya just two years laterone of the shortest development periods ever achieved. Last year we exported over a half million barrels a day.

We were fortunate to be able to handpick people from company operations all over the world to go in and do the things that needed to be done. Even so we were able to bring off this major operation with only about 125 U.S. citizens working with many times that number of Libyan nationals-none of whom originally had the necessary skills for the operations involved.

Yet these are the people who drilled the wells, built the harbor, laid the pipelines, erected the houses and offices-everything. We were able to do this by choosing people carefully and putting them into the right kinds of jobs. Participating in a development such as this is a matter of considerable personal satisfaction.

Right now I'm involved with another development project in Australia. A couple of years ago I made a trip down under and entered into an arrangement with an outstanding Australian iron and steel company. The arrangement involved our taking over the operation of some oil concessions they hold in the waters between Australia and Tasmania.

With our technological resources -and a little luck-we discovered a substantial amount of gas. And one of the important things about the discovery is that it is located only 120 miles from Melbourne. We are negotiating with the state authorities regarding the transmission and sale of the gas.

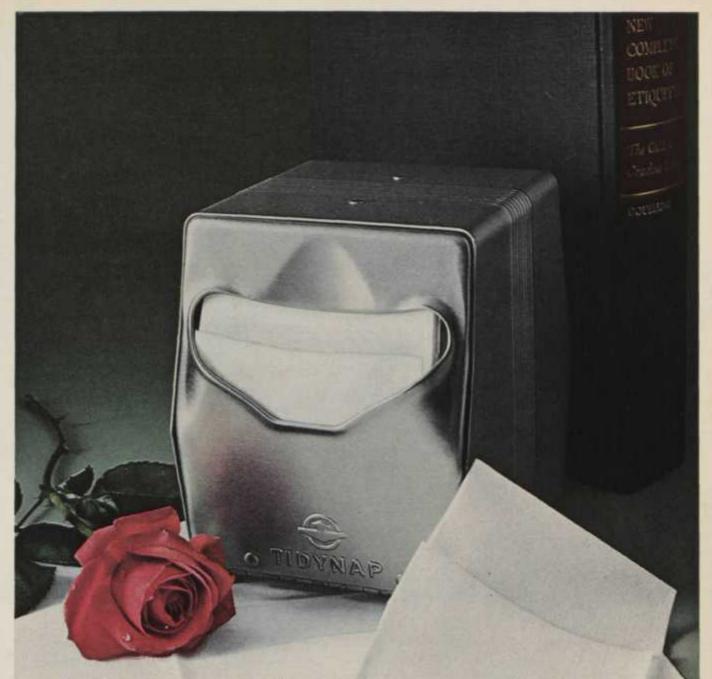
Now, in the last couple of months, we have made a new discovery of both oil and gas in what appears to be commercial quantities. So you can see I get a good bit of satisfaction out of developments such as these that bring benefits to people and to the company as well.

Over the years have you found any particularly effective ways of going about organizational training?

Well, I suppose we spend more time on people than anything else. For instance, every Monday a committee of our board spends a full afternoon on organization and personnel matters. Each year Jersey Standard's principal affiliated companies all over the world review with this committee their organizational planning and executive development.

Each executive is evaluated as to how he is performing his job and judgment is offered as to what his ultimate potential might be. In addition, each executive position is slotted against the possible replacements for the man currently in the job, and these men are also screened and their possibilities estimated.

A great amount of effort is put into determining the kind of experi-



Get the dispenser napkin that shows your good taste

Even little things, like the kind of paper napkins you provide, can show your good taste, and your concern for the people who use them.

People will notice the soft, embossed feel of Fort Howard's Tidynaps. They're attractive, too. They come in an assortment of pastels and white and the sturdy, colorful dispenser provides positive, one-at-a-time dispensing.

Tidynap is just one of 70 varieties of nap-

kins available through your Fort Howard
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source for sanitary paper of all kinds. And he
offers plenty of variety to meet every need,
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Fort Howard Paper Company Paper is our middle name

See the Fort Howard Paper Man

Paper Naphins, Paper Towels, Toilet Tissue, Printed Paper Place Settings for Offices, Industrial Plants, Schools, Restaurants, Hotels, Institutions

First we didn't expect to change much. Maybe new vibration-resistant marker lamps. Bigger arms on the windshield wipers. Things like that, But our engineers had other ideas. They added two inches to headroom. Ditto to the windshield. Then they put in new, more adjustable seats. Added eye-level, on-the-dash instrumentation. A new heater. New defroster. Then they beefed up the frame, yet made it lighter. And developed new crossmembers. There was no stopping them.

They cradled the cab on a new, improved 3-point suspension for a smoother ride. Gave the front wheels a 40° turning angle. Made available optional forward-tilt fiberglass hood and fender assembly. Developed an entirely new rustproofing system. And widened the front springs.

Were our engineers satisfied? No.

They insisted on triple-testing every change. Tested the materials and the components in our labs.

Nothing has been changed in the

Then tried to bust the trucks to pieces at test facilities in Texas, in temperatures that went from 125° noon to 32° at midnight.

No trucks in White history have been tested so thoroughly.

Result: See for yourself.

We know the reliable new White* 4000/9000 series will be even more popular than the popular old 4000/9000s.

The price? It's still the same. You just get more truck for the money. WHITE TRUCKS

Now the best is even better. DIVISION OF COUNTY MOTOR CORPORATION





This is where it all started.

Quality... at a price that says compare





Choose from a wide range of colorful decorator finishes, plain and textured fabrics.

All-Steel

All-Steel quality makes the big difference. See and you'll buy. You don't pay a premium for quality! All-Steel's completeness of line gives you a wide choice of furniture for administrative and general offices, conference and reception areas. Write for your copy of Design Decision, illustrating new ideas in office planning. All-Steel Equipment Inc., Aurora, Illinois.

Showrooms: Chicago, New York, Pittsburgh, Los Angeles.

SOLVING BY ORGANIZING

continued

ence an individual needs to make progress in the organization. Programs are developed to provide this experience and the results evaluated. Everyone is judged as impartially as possible as to his ability, performance and ultimate potential.

What do you look for when you try to arrive at the potential of an individual?

Well, it has a great deal to do with how hard a man works, for one thing, and his determination to succeed. You weigh his ability and his background for the job. His personality has something to do with it because he has to get along with people. An ability to express himself is an important factor. His character, integrity, basic honesty, his personal life—all of these things are also extremely important. Finally his ability to lead and his judgment are probably as important as any other qualities.

To take another tack, how did your company come up with the slogan, "Put a Tiger in Your Tank!"?

One of our affiliates in Chicago first used the slogan back in 1957. A few years ago, after Humble was reorganized to conduct all gasoline marketing for the company in the United States, the slogan was refurbished and applied to the friendly tiger we are using today.

Now it's used all over the free world, isn't it?

That's right. The tiger was so successful here in this country that we asked Esso affiliates abroad if they wanted to see if the tiger would work for them. And it has. During 1965, the tiger symbol and the slogan appeared practically every place where we market motor gasoline. The results were astonishingly good. People identify the company with the tiger, and the sales of premium gasoline have shown significant improvement.

Jersey Standard with its long history of large investment abroad has been cooperating with the government in the voluntary balance of international payments programs, hasn't it?

Yes, that's surely the case. The already substantial net inflow of dollars attained by Jersey Standard in 1964, the year before the Administration's program was formulated, was even greater in 1965. The

company's efforts, I believe, have helped significantly in building the strength of our U. S. dollar and will continue doing so this year.

To switch to another voluntary Administration program, are the wageprice guidelines, in your opinion, a good way to fight inflation?

First, let me say I know that President Johnson is deeply concerned about and completely sincere in his approach to the problem of inflation. He has made a real effort to hold wage increases within the government's established guidelines. Unfortunately, these efforts have not been entirely successful. On the other hand, major industry groups, in general, have conformed to the price patterns sought by the Administration.

For the short-term future, if wage increases are not held within reason, they will bring additional pressure on prices. This situation, combined with the heavy demands placed on the economy by the war in Viet Nam; the developing shortages in certain goods and materials, and, most important, continued high government domestic spending, could very well bring about severe inflationary strains.

What do you think might be done about inflation?

It would be very helpful, of course, if labor would be more modest in its wage demands now and in the future.

As for the pattern of expanding government domestic spending that we see, it is the view of most of the businessmen that I've talked to, and my own personal view, that prompt attention to this area by both the Administration and the Congress is vital to lessen inflationary pressures.

Actually, in this period of a booming economy, the Administration and the Congress should be creating surpluses instead of facing deficits.

In such a situation, what do you think is the responsibility of business and how can it help?

Business, of course, can't solve the problem by itself. Business can make a contribution by using judgment in its actions during this period. And I think that, by and large, business intends to do that.

However, the roles that labor, the Administration and the Congress must play in the current situation are just as important as that of business.

Labor can make a real contribu-



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"Getting ahead in a company means you have to make sacrifices," notes M. A. Wright. He often pores over work here in his den.

SOLVING BY ORGANIZING continued

tion toward holding down costs. Its actions are vital in this area.

The Administration is an important factor, for it lays out the government programs, suggests budgets and otherwise offers direction to the Congress and the country at large in terms of how much and where government money will be spent.

The part that the Congress plays is also essential, for it controls appropriations. Sound judgment must be employed by Congress if we are to control inflation.

What do you think about the increased minimum wage proposals, in the light of the current state of our economy?

The National Chamber studied this, as you know, and came to the conclusion that any appreciable increase in the minimum wage is inflationary. This is not primarily because of the increase in the first instance, but to the degree that you have to provide differentials for each level in an organization affected by a rise in the minimum wage, the cost multiplies and an inflationary force arises.

In that same context, how does the possibility of a tax increase fit in?

The argument put forward to justify a tax increase is that it would slow down an overheated economy. The business community believes that there are other ways to solve this problem which would be more in the nation's interest.

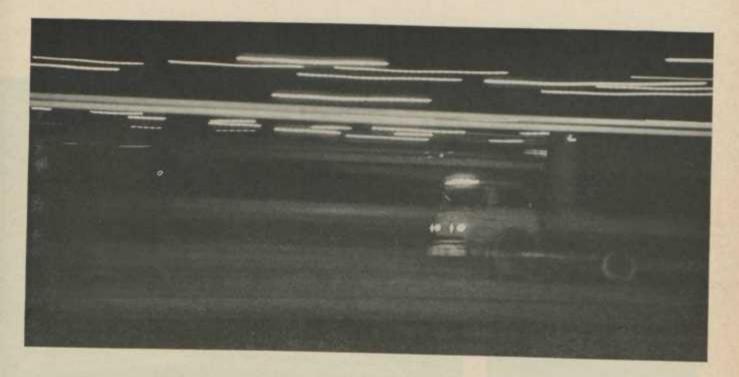
Mr. Wright, in what areas can business be particularly helpful to government?

I think one area is in offering constructive private alternatives to some government programs.

For instance, the Administration has been extremely interested in programs for training people. Now, you know business has been doing a great deal of that right along and has been doing it well. One particular project that I've been interested in is in Newark, N. J. It preceded by some time the Administration's present efforts to assist youth under its poverty program.

This project had the backing and support of several local businesses, including Humble Oil, and was designed to encourage young high school dropouts to finish school and provide them with jobs at the same time. Of course, there has been wonderful cooperation from the New Jersey and Newark educational authorities. But it's been interesting

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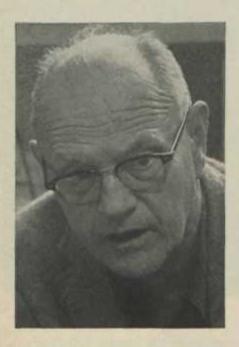
You're in good hands with





FLEET INSURANCE

"We didn't think a diesel could fit economically into our type of medium tonnage operation," says Oregon newspaper carrier. "But GMC's Toro-Flow diesel changed our mind."



Dave Johnston is no green horn trucker.
Yet, to him and his brother George,
owners of Johnston Bros. Trucking of
Portland, Oregon, using diesels for delivering newspapers from Portland to
various surrounding distribution points

seemed "unthinkable."

That is until GMC came up with Toro-Flow, the unique engine that introduced diesel economy even to short haul, stopand-go truckers.

Three Toro-Flows get the test.

Johnston Bros. are now prime contract carriers to Portland's two major newspapers, the Portland Journal and the Oregonian. They've put on three medium tonnage Toro-Flows to handle part of the hauling "just to see if they could save us some money," Dave Johnston pointed out.

"We've got 40 trucks in operation delivering papers to communities in the circulation area of these two papers," Johnston says. "We've put a total of 240,000 miles on the three Toro-Flows—



and you just wouldn't believe the reports we get in on these three diesels."

15 m.p.g.!

Fuel economy apparently gets the most enthusiasm around Johnston Bros. these days.

"Our gas-powered trucks average around 10 miles to the gallon," Johnston said. "These diesels consistently come in at 15 miles per gallon. Now that's what we call appreciable savings."

Johnston's Toro-Flows pack around 10,000 pounds each of bundled newspapers on three different routes. They hit cities around Portland like Eugene, McMinnville, Astoria, Seaside, Kelso, Albany, Corvallis and Longview, Washington. The longest run is about 330 miles round trip. All three trucks are constantly on the road, two of them seven days per week.

Ordinary diesels couldn't do it.

"The diesels make quite a few stops in Portland and the other cities," Johnston said, "They idle quite a bit, too. Now you'd think that would really bring down the m.p.g.'s—but it doesn't on Toro-Flow. We save money with these trucks—enough, we figure, to regain the extra cost of our investment in about 24 months of operation. Can't beat that—no ordinary diesel could do it."

Top performer.

Another point about Toro-Flow Johnston brought up was the performance of these three engines. "They're plenty powerful," he said. "In fact, they perform as well or better than any truck of comparable size I've ever seen."

Johnston said the Toro-Flow's required less shifting on hills and handled well in traffic even when they were fully loaded. "As a matter of fact," Johnston said,





"if our drivers had their choice of which truck they could drive, they'd all want one of the Toro-Flows. We've had nothing but good reports from them on handling, power, comfort and performance."

Low maintenance.

Maintenance costs were another factor which excited Johnston. "What we've spent on these three trucks in those 240,000 miles," he declared, "isn't even worth talking about. Only routine things like lubes, oil changes and some minor repairs. Can't say that for some of our gas-powered trucks."

Johnston also pointed out that the Toro-Flows were "probably one of the most durable engines built." He cited one history for illustration.

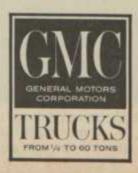
Oil use tells story.

"We change oil on the average of every 3,000 miles. This one Toro-Flow has never used more than one quart between changes. Now oil, of course, is no major cost factor, but it sure shows how well these diesels are put together."

Johnston summarized his opinion of Toro-Flow this way. "We're in a service business. Which means getting those papers to their destination on time. We must have dependability at all costs. But when you run across a truck as economical and dependable as Toro-Flow... well, needless to say, we're extremely pleased."

Toro-Flow Can Cut Your Costs.

Why don't you put Toro-Flow to the test, too. Long hauls or short hauls, no stops or a lot of stops. Toro-Flow can meet your needs and save you money to boot. Contact the GMC Truck Man in your area. He can give you an estimate of just how much you'll save with a GMC Toro-Flow. Do it now while it's on your mind.



SOLVING BY ORGANIZING continued

to see how the participating companies made it possible, by providing 125 actual jobs for the young men and women in the program, to spend one week in class and the next at a worthwhile and needed job. This is no make-work project and, in many cases, the program led to permanent employment and several of the former high school dropouts are now attending college.

The Newark project was sparked by our interest in doing something about youth unemployment. It was done with the knowledge on the part of the companies who got it under way that unemployed youth would very likely become alienated from this country's traditional free enterprise way of doing business. They could, in fact, become hostile to this system, if they were unable to see a way in which they could fit into the system, or felt that the system didn't have a place for them.

In the case of the Newark proj-

ect, these young people saw, perhaps for the first time, the real relationship between school and work.

And I'd like to say at this point that I hope businessmen all over the country will study the Newark project and see if they can't initiate such a program in their communities.

They would not only serve the youth of their communities, but they would help preserve and strengthen the very system under which we have all progressed and prospered. And, I might add, I'll be very happy personally to provide anyone interested with information about the Newark program.

As we all know, Mr. Wright, various levels of government have been getting involved in the problem of water and air pollution. Hasn't the oil industry achieved some real advances in recent years in this area?

We are making progress in our efforts to improve air and water quality; and I know the oil industry, for one, is spending a lot of research money in the process. However, the public is just beginning to grasp the magnitude of the air and water problem and the fact that a lot more study and cooperation by all those interested is required if solutions are to be found.

If some pollutants are proved to be harmful to health, then they should be eliminated. But there are other reasons, such as aesthetic ones, for improving air and water quality and they should be just as carefully considered when pollution abatement programs are being considered.

However, there is a tendency to overstate the effects of pollution on health, thus capitalizing on the emotional sensitivity in this area. Unless responsible citizens view these emotional outbursts in the correct perspective, we run the risk of turning to unreasonable and unworkable laws as the only solution to air and water problems.

Whatever the reasons for seeking cleaner air and water, we must be aware of one thing—everyone of us will ultimately have to bear the cost for achieving this goal. Industry, government and the public must cooperate to find answers, answers which are scientifically sound, economically feasible and socially acceptable.

What do you foresee as the big issues or big problems of the country over the next year or so?

Like most Americans, I think our



Mr. Wright believes it is vital that jobless youngsters not be alienated from our country's free enterprise system. His company and others are providing training and jobs.

So you're not a billion-dollar corporation.

That doesn't mean you can't help reduce the balance-of-payments deficit.

Here are six ways to get started...

American businessmen and bankers have magnificently answered the President's call to help reduce the balance-of-payments deficit. They've done a great job so far. But it's only a start. The help of more businessmen—businessmen like you—is needed. Here are six ways you can pitch in:

- 1. Start exporting. If you're already exporting, do more. The whole world's your potential market. You'll be helping your business and you'll be helping to reduce the deficit.
- 2. Investing abroad? Building new facilities? Fine. Try to raise the

funds you need for your project in your host country.

- 3. Are your short-term investment funds flowing overseas? Slow them down. Better still, stop them—or bring them back.
- 4. Have money tied up abroad? Until it and bring it home. It's time.
- Thinking about making a direct investment in a marginal project overseas? Defer it for now.
- 6. Pass the word to employees and stockholders. A lot depends on keeping the American people informed. A quantity of booklets discussing the problem is avail-

able at cost for distribution in your company. Write today to:

"Challenge," Department of Commerce, Washington, D.C. 20230

It's good business to help. The last four years have been mighty prosperous. If we want to do as well for the next four we've got to keep the dollar as strong as it is today. And that means reducing the balance of payments deficit.

So call in your secretary. Get a letter off to John Connor, Secretary of Commerce, Washington, D.C. He can give you specific information on any of the first five ways mentioned above.

Publishes as a public service in co-operation with The Advertising Council and the Department of Commerce.



"I really believe that business can make significant contributions to solving many national problems."

SOLVING BY ORGANIZING

continued

most pressing problem is the war in Viet Nam.

After that, other major problems or issues must include the concern about inflation, the need to find ways and means to help our great urban centers with their problems, better ways to meet our balance of payments situation, financing government spending for domestic purposes, the growing scarcity of trained people and many, many others, most of which will be with us for a long time.

We understand that one of your main aims as president of the National Chamber is to try to get the whole business community more interested and more knowledgeable about national issues.

Yes, I really feel that business can make significant contributions to solving national problems. When the National Chamber was formed in 1912 upon the suggestion of President Taft, it was for the purpose of making available to government the views of the business community on national issues. This is an obligation we certainly intend to fulfill.

What we really need is a business community that is aware of national issues, and we should be alive to the opportunities to bring business's views to as many people as we can.

This is one of the reasons why the National Chamber is currently arranging for a series of forums with college people throughout the country.

Only a few weeks ago I attended such a forum for 265 college men and women—seniors and graduate students from 21 New Jersey universities and colleges.

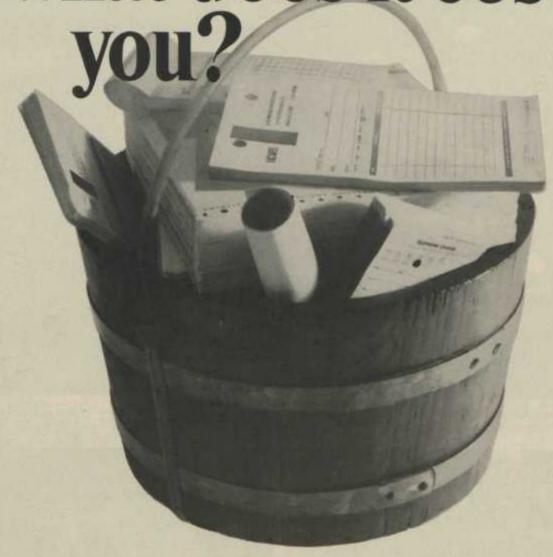
This forum had been set up by first meeting with the university presidents, telling them what we proposed to do, and asking for their support. We also asked them to choose about a dozen students from each institution to come to the meeting. Then a questionnaire was sent to each participant to see what they wanted to discuss—economic growth, the effect of technology on employment and such things as that.

It was really a great session because these young college men and women are extremely bright and intensely interested. I will tell you they keep you alert and very much on your toes, and it was most interesting to me to participate. Now the New Jersey Chamber is talking about having five more forums in localities near some of the participating campuses.

This is one of the important means for getting understanding of business and the business viewpoint among the bright young people who will be tomorrow's leaders. END

REPRINTS of "Lessons of Leadership: Part XII: Solving Problems by Organized Action" may be obtained for 35 cents a copy, \$16 per 100, or \$135 per 1,000 postpaid from Nation's Business, 1615 H St., N.W., Washington, DC. 20006. Please enclose remittance,

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Biggest Tire Plant In



Tires by the millions roll from the production lines of Goodyear's plant in Gadsden, Ala. Other products manufactured at the huge (1.9 million square feet) facility include tubes, tread rubber, truck tire flaps and reclaimed rubber. Annual output of finished products exceeds 300 million pounds.



The Whole Wide World



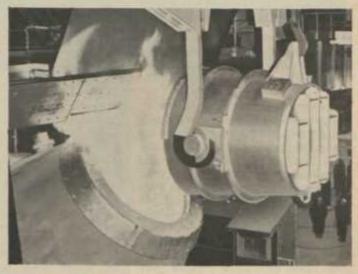
Working with radioactive materials is a basic activity at the U.S. Army Chemical Center and School in the Fort McClellan complex adjacent to Anniston, Ala. A military showplace, the fort occupies a site of 19,000 acres. Payrolls and local purchases of military installations at Anniston total approximately \$51 million annually.

Is it in Akron? Detroit?

No, it's the Goodyear facility in Gadsden, Alabama—world's largest tire plant, which contributes more than \$34 million a year to the local economy.

Another giant in the growing Anniston-Gadsden industrial complex is Republic Steel, which has invested \$200 million in plant expansion and improvement since the early 1950's to meet the growing demand for steel products in the South.

Such growth is typical of the cities and towns throughout the 120,000-square-mile region served by The Southern Company system. Contributing to this growth is the ample, low-cost electric power supplied by our companies.

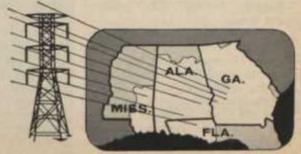


The South's first basic oxygen furnace, at Republic Steel's Gadsden, Ala. plant, tilts toward the charging floor as 125 tons of molten iron cascade from a ladle into the mouth of the vessel. Expansion and modernization programs have tripled the plant's original capacity.

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POWER FOR PROGRESS

Why cars are getting safer continued from page 39



Life size and weight dummies are checked out before a test on an impact sled, in background. To find out how cuts and abrasions might be reduced, safety engineers cover the dummies' heads with goat skin, simulating the human scalp.

each operates proving grounds where it puts its products to the test. In addition, millions of dollars are provided to colleges and universities for research each year.

General Motors Corp. and Ford Motor Co. recently announced major expansions of their vehicle test and safety facilities.

To solve the complexities of safety design, Detroit operates in a violent world of barrier crashes, rollovers, impact sleds and instrument panel bashers. There's also the tamer but demanding business of mating the car to the physiological and psychological needs of people—human factors, the industry calls them.

Much of this constructive violence has been going on since the 1930's. General Motors began rolling cars over at its Milford, Mich., proving ground in those days to test the strength of newly introduced steel car tops. It began smashing new cars into concrete barriers about the same time to test the impact-absorbing qualities of sheet metal.

The industry is still rolling and crashing cars on purpose and in impressive numbers. The average auto buyer can only gape as a brand new Continental hurtles down Ford's test track and smashes headon into a steel and concrete barrier. General Motors alone smashes up four cars fresh off the assembly line every week in the interest of safety. GM has also crash tested a new bus carrying 26 "dummy" passengers and baggage. With the help of sophisticated instruments and high-speed cameras, hundreds of questions can be answered in a single test.

One of the newest, most versatile test devices is the impact sled. Basically, it's a platform mounted on 100 feet of parallel rails. A compressed air mechanism "fires" it with a thrust of bundreds of thousands of pounds. This simulates what happens when a moving vehicle or component stops suddenly in a col-

lision. Speeds up to 70 miles an hour can be attained, and anything from seat belts to door locks and fully loaded car bodies can be tested.

There are also inclined sleds which send lifelike dummics crashing into steering wheels so that instruments can measure the wheels' impact absorption. To determine what cuts and abrasions a person striking an instrument panel or windshield might suffer, a dummy's head is covered with goat skin to simulate the human scalp.

At Chrysler Corp.'s engineering complex in Highland Park, Mich., new, stronger tempered glass for side and rear car windows is tested by dropping a half-pound steel ball from heights up to 35 feet. At around 30 feet, the glass now being used usually shatters, but only in small, dull pieces. And metalstretching machines apply constantly increasing pressures to determine at what point a part weakens and breaks.

Chrysler in 1940 was the first



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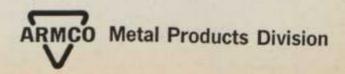
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Why cars are getting safer continued



An auto steering wheel is tested for energy absorption by swinging a dummy torso down against it. Safety engineers want the wheel's rim to bend but not break if the driver is thrown against it. Instruments measure the impact with precision.

to introduce a "safety-rim wheel."
This design keeps the tire in place
even when it's punctured. Since
then, all U.S.-built cars have
adopted comparable rims.

No prodding needed

"The great majority of safety items on today's automobiles were developed voluntarily by the industry long before any laws were introduced requiring them," says B. W. Bogan, vice president and director of engineering at Chrysler.

It's true the General Services Administration, which shops for the federal government, ruled that 17 specific safety devices must be on 1967-model vehicles ordered by the government. But many of these items—seat belt anchorages, wind-shield washers, padded instrument panels, backup lights and safety door latches, to name a few—are already either standard or optional equipment on all cars, not just those for the government. And car makers have said all but a couple

will be standard equipment next year.

One of the government-required items, dual brakes, has been on all American Motors cars since the 1962 model year. Dual brakes mean that if one hydraulic line fails, the other should still function, thereby offering much greater odds against brake failure.

Twenty-six years ago, American Motors (then Nash Motors Division of Nash Kelvinator Corp.) came out with a single-unit car body. All AMC cars are built that way rather than with a separate body and chassis. The company believes this type of construction absorbs more of the shock of a collision than do other types. Other experts disagree.

Car door latches have been redesigned and greatly improved in the last 10 years. Studies show that doors on present-day models are only half as likely to fly open in an accident as those on earlier models.

All auto safety items are tested extensively before being introduced.

Chrysler's safety rims, for instance, took three years to develop and test.

Detroit is continually working on futuristic "concept" cars that include safety as well as styling innovations. For the last few years Ford has been tinkering with a "wrist-twist" steering wheel, which is a horizontal bar with a small steering wheel attached to each end. Some engineers think this design may allow quicker steering response as well as increasing visibility for shorter people who now look through or under the top of the steering wheel.

Chrysler has a new research car out that is steered by adjustable handgrips and has a television set on the instrument panel to show the driver traffic conditions behind him.

Some innovations may never reach the production line. Parked in one of Ford's engineering garages at Dearborn, Mich., is a car with the steering wheel and driver's seat in the middle and deep side



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CARS ARE GETTING SAFER continued

windows. "We wanted to see what it would be like to drive from the middle," relates one engineer.

Detroit's interest in safety doesn't end with the car's sale. When a problem crops up in cars already on the road, American manufacturers move to correct it. They notify dealers to recall models with real or suspected major defects for inspection or repair. This work is performed at no cost to the car owner. U. S. car makers have followed this safety practice for years with little attention from politicians, press or public. Lately, coupled with Congress' hearings on the proposed traffic safety law, the practice has made front-page headlines.

The complexity of safety and engineering is pointed up by Colver R. Briggs, director of automotive safety at Ford Motor Co.: "Experience warns us that too often the obvious answer is not the right one."

Safer in the car

As an example of how hunches misfire, Mr. Briggs cites the prevailing opinion of a few years ago that a person was less likely to be seriously injured if he were thrown from a car during a crash than if he remained inside. Subsequent statistics, gathered and analyzed by an industry-supported research group at Cornell University, proved just the opposite: A person's chances of avoiding serious injury are many times greater if he stays with the car.

"If we had gone ahead and designed cars on the basis of opinion rather than detailed research, we'd have had seat ejectors instead of seat belts," says Mr. Briggs.

AMC was the first company to try to make seat belts standard equipment. The belts offered on its 1950 models didn't have anywhere near the strength of current ones, and they weren't promoted in the company's advertising. Rather, they were a feature that went along with a reclining seat that allowed the front seat passenger to lie back and snooze.

"We didn't want that person to be thrown forward in case of a sudden stop," explains Mr. Isbrandt. "But dealers and customers thought we were offering such a negative factor that some of them cut the belts off. We then tried putting them in the trunk, to be installed by the buyer if he wanted. But the complaints kept coming in, so we dropped the belts in less than a year." American reintroduced seat belts in 1956 as optional equipment.

Lap seat belts are factory-installed standard equipment on all U. S.-made cars now. And, as Louis C. Lundstrom, director of automotive safety engineering at GM says: "The biggest break-through we could make now is to get people to use them."

The auto companies say dealers still receive complaints from customers that the unbuckled belts are uncomfortable to sit on. A Gallup poll last summer showed that even after years of publicizing the benefits of seat belts, only 42 per cent of all drivers had their cars equipped with them. And of that number, the poll showed, only 36 per cent used the belts whenever they hopped into the car.

Ford's Mr. Briggs offers a couple of other examples of how what seems logically safe doesn't always prove out. "Many persons have prescribed foam-rubber padding for car interiors. Testing, however, has proven that soft, spongy materials contribute almost nothing to injury prevention or reduction in highway accidents." Auto instrument panels are padded now, but with firmer materials.

Mr. Briggs says he receives letters from people saying cars should have impact-absorbing bumpers. "What they don't understand is that no known bumper design could cope with the tremendous forces of a collision. Rather, the sheet metal body structure must be designed to collapse and rupture systematically."

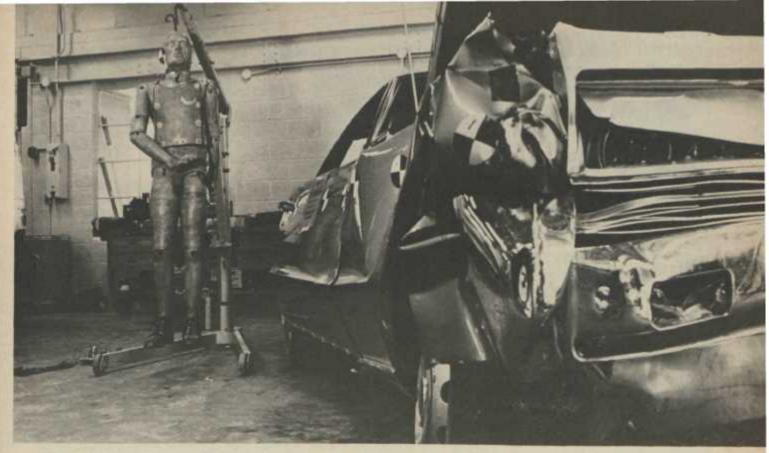
Prevention the goal

To make its cars safer, the industry is working toward improved braking, steering, visibility and overall reliability—all of which prevent accidents. "Positively our most important aim must be to avoid accidents," says AMC's Mr. Isbrandt.

But to minimize the risk of injury when an accident does occur, there'll be a continuing trend in interior car design toward more padding and recessing of instrument panel controls.

Further, it appears only a matter of time before shoulder harnesses that run diagonally over the shoulder and hip will be standard equipment. They're offered optionally now.

There'll no doubt be further improvements in steering wheels, allowing them to give more. After five years of development, General Motors says its 1967 models will

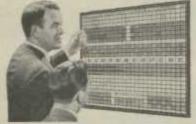


Head-on crash tests tell GM engineers how to design a car's front that is strong enough to keep most collisions away from the occupants yet soft enough to crumple and absorb impact.

Technicians at Chrysler Corp. coat engine block and pistons with fluorescent paint and bathe them in ultra-violet light. Any flaws invisible to the eye in daylight will show up under this light. All steering parts are subjected to the light test at Chrysler's manufacturing plants.



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CARS ARE GETTING SAFER continued

have an energy-absorbing steering column that collapses at a controlled rate when struck. AMC will buy the column for its 1967 models from

Ford Motor Co. says "in all probability" it will equip its cars with collapsible steering shafts sometime during the 1967-model

"Every step of the way, we're going to put greater emphasis on the guy who helps himself by using a seat belt," says Roy Haeusler, automotive safety engineer at Chrysler Corp.

But seat belt use clearly has not yet reached the point where Mr. Haeusler or anyone else in Detroit can afford to forget the unbelted passenger. In fact, this year's models are equipped with a new windshield glass that is much harder to puncture than previous types. The development, which took about eight years of coordinated work among glass producers and car makers, means that in many violent collisions the glass in the windshield will bubble and crack outward when struck rather than shatter. This advance is expected to prevent many of the severe head, face and neck cuts suffered by riders hurled forward at the windshield.

In auto design, the words comfort, convenience, reliability and safety often are intertwined-a fact people think about. instance, automobile air conditioning is mainly for comfort. But by encouraging passengers to keep their windows shut and their hands and arms inside, it's also a safety feature. The same can be said for a convenience like automatic transmission, which allows the driver to devote more attention to the road, and for a reliably functioning engine that doesn't fail as you pull out in traffic.

Washington's role

What role should government play in auto making?

Most industry spokesmen agree it's in what GM's Mr. Lundstrom calls "the interaction of vehicles." No one denies there should be standards on size and weight of vehicles used on the highways or how high or low headlights should beam.

Current federal minimum standards on brake fluid quality and the strength of seat belts are considered by Detroit to be a good thing. But the industry clearly doesn't want performance standards to spread into specific design requirements. "It's okay to require that a certain part meet a certain standard, but don't tell us how to shape or design it," says one industry engineer. Auto industry people generally agree this would be a sure way to trip up the steady march of safety prog-

All in the industry agree one of the greatest unfilled needs in highway safety is availability of reliable information on what causes accidents. There's been some research in this area, but too often accident causes are insufficiently or inaccurately reported by local police anxious to clear the scene and get traffic

The industry is moving on several fronts to meet this need. It has recently pledged \$10 million to set up a new center for safety research at the University of Michigan. Too, the car makers have retained the research concern of Arthur D. Little. Inc., to gather together all existing data on traffic accidents and causes and to make an analytical review

President Johnson wants the federal government to move into this area, too.

In addition to asking Congress for a safety research center, he's directed Commerce Secretary John Connor to set up accident investigation teams to "bring us new understanding of highway accidents and their causes.'

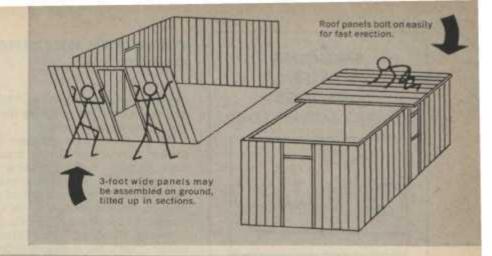
Significant contributions to highway and roadside design, as well as auto design, come from the auto companies. General Motors has done extensive research into and crash testing of guard rails at its Milford proving grounds. It has also come up with a lightweight lamp or utility pole with a tripod base that does a minimum of damage to a car striking it.

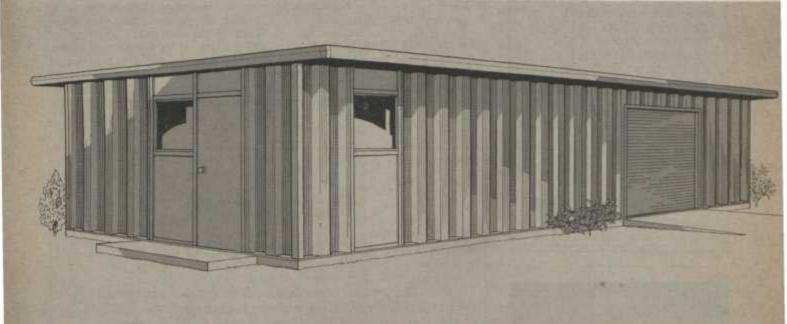
A car-pulled skid trailer developed by GM can compare the relative slipperiness of various road surfaces. This device has been used in a number of states, and in one a massive road resurfacing effort stemmed from the findings.

For some years the auto companies, through their dealers, have been providing cars to high schools for driver education courses. General Motors, for instance, has paid dealers an allowance for lending cars since 1955, and nearly 50,000 have been lent.

But Chrysler's Mr. Haeusler says that too much time in many driver education courses is devoted to such "interesting but irrelevant" matters

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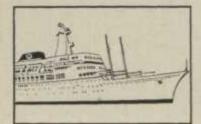
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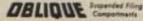
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COLUMBIA, TOUTH CAPOLINA

CARS ARE GETTING

as how a piston functions, "We've got to concentrate more on the art and technique of driving."

All across the industry there's the feeling that initial driver training isn't enough, that retraining and continuing education also is needed. "But because the effects of bad attitude on driving are legion, let's not suggest to the driver that he's done it wrong all along," Mr. Haeusler warns. "Let's not even call it driver improvement. Call it advanced driving techniques."

Needed: state inspection

The industry has been plumping for state motor vehicle inspection for years. But at present, only 20 states and the District of Columbia do it on a periodic basis. Newcar service warranties not only help sell cars but also encourage proper maintenance.

Chrysler's Mr. Haeusler also says the motorist should discipline himself to look for safety items when he's shopping for a car. "It's just not practical to make every safety feature standard equipment on every car." For instance, stronger suspension and stronger tires are available at extra cost if a car is to be used to haul heavy trailers. "But should we make every car buyer pay for it?"

Safe driving undoubtedly is going to become tougher in the years ahead. There are about 75 million cars on the road today and another 15 million or so trucks and buses. Estimates are that the number of cars will zoom to 100 million over the next 10 years. "The driver's margin for error is going to be

Inaccurate at any speed

Auto industry critics' eagerness to find fault sometimes leads to distortion and erroneous public impressions.

In "Unsafe at Any Speed," a book critical of Detroit's efforts at safety, author Ralph Nader writes:

"Styling's precedence over engineering safety is well Illustrated by this statement in a General Motors engineering journal: "The choice of latching means and actuating means, or handles, is dictated by styling requirements. Changes in body style will continue to force redesign of door locks and handles."

Mr. Nader left out a key word. The engineering journal reads: "The choice of latching means and actuating means, or handles, ALSO is dictated by styling requirements."

In his book he chose to ignore the next sentence in the GM journal: "Throughout the design and testing stages, the most important considerations are safety, reliability, operating ease and reasonable cost."

For his second sentence of the "quotation," Mr. Nader dipped down four paragraphs in the journal. He did not go on to the fifth paragraph, which reads in full:

"Although advances in body styling may dictate the necessity of a new or revised lock, the paramount design consideration at all times is the SAFETY of the occupants. No concessions are made to styling or cost where the factor of safety is involved. The absolute requirement that the lock hold the door securely closed during all driving conditions is given close attention during all stages of design and testing."

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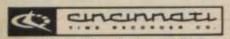
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CARS ARE GETTING SAFER continued

squeezed tighter and tighter," says American Motor's Mr. Isbrandt.

Automated highways that would herd cars along by electronic impulse are still many years off, it's agreed, though the industry has been actively working on the concept for some years. The tremendous cost of such a system could be expected to limit it to only a few heavily traveled routes, certainly at first

Meantime, experts such as GM's Mr. Lundstrom think the "next stage of sophistication" will be in auto communications. So in the not too distant future, don't be surprised if a voice pops through your car radio and warns "Slippery pavement abead."

WEIRD WARRIORS continued from page 43

tunity Council, the local agency for the poor.

Congressman Charles Gubser, who represents the district, has demanded an investigation of a "take-over by left-wing extremists, the type who are always around to use every honest social program as a vehicle to build their own power and prestige."

 A lack of screening of students and direction of the federal workstudy program is suggested by the activities of some participants. A work-study youth at San Jose State College, Emitt Wallace, 23, penned a filthy poem, "Magna Cum Lyndon," attacking U. S. policy in Viet Nam.

Soon afterward, young Wallace shared a platform with Terence Hallinan, national secretary of the DuBois clubs, in a campus program sponsored by the young radical Students for a Democratic Society.

Wallace's obscene poem appeared in an off-campus student publication whose literary editor was John Hansen, 24, a work-study employee last summer for the Santa Clara Boy Scout Council.

Both the college and the U. S. Department of Health, Education, and Welfare's Office of Education, which is responsible for the workstudy program since enactment of the Higher Education Act of 1965, say there is no law or regulation barring antigovernment acts by participants.

 Back in the Bay area, an array of groups opposing the U. S. Viet Nam policy is subsidized through payment of the work-study staff as the Berkeley office of "Turn Toward Peace," an organization which does publishing and mailing chores and handles program activities for some 65 affiliated organizations.

TTP includes many pacifist groups which disagree violently among themselves over specific policies.

Its executive committee includes

leaders of the Students for a Democratic Society—a top official of which journeyed to Hanoi with left-leaning Yale professor Staughton Lynd and Herbert Aptheker, top Marxist theoretician in the U. S. The executive committee also includes leaders of the pacifist National Committee for a Sane Nuclear Policy (SANE) and the War Resisters League.

Turn Toward Peace brought to the University of California's Berkeley campus Bayard Rustin, leftist civil rights leader and executive director of the War Resisters League, for a program on civil disobedience.

Pressure on business

Literature distributed at the TTP center includes a pamphlet of the Northern California War Resisters League, which outlines a campaign to identify businesses with defense contracts, urge them to get out of war work and apply "direct action" where persuasion fails.

Other work-study projects are likely to raise eyebrows.

In Berkeley, your tax dollars subsidize students working at a private school run by one Betty Halpern, who refused to tell the House Un-American Activities Committee in 1960 whether she was or had been a communist.

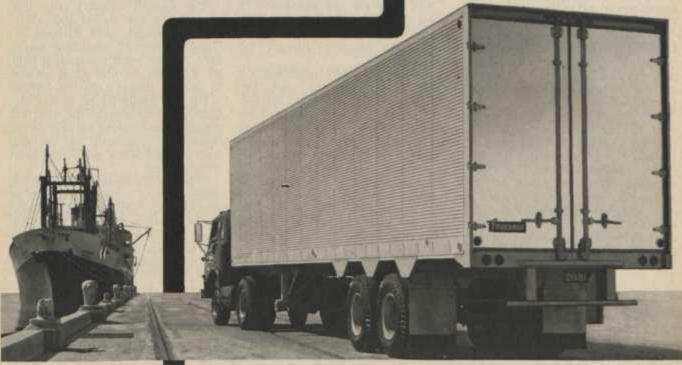
Also in Berkeley, a lawyer, Mrs. James Fenton Wood, employs a few work-study researchers indexing legal documents in a private so-called civil liberties library.

Mrs. Wood's husband pleaded the Fifth Amendment against self-incrimination when, testifying before the House Un-American Activities Committee, he was asked if he was a communist.

The city of Oakland deserves a closer look. There student radicals—some subsidized by federal tax funds—are exploiting the willingness of idealists to work with anyone who claims to seek worthwhile objectives.

A leader in this campaign is Mark

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WEIRD WARRIORS

continued

Comfort, 32-year-old agitator with a record of violence and public identification with groups the FBI calls communist fronts. Until recently he was a paid anti-poverty staff man.

Here the federal anti-poverty effort is being harassed by students and their allies. They charge that tax money shouldn't be spent on Viet Nam but on the poor. They are using this theme in a drive for political power and to unseat the local Congressman.

A student-backed group on the Oakland poverty council threatened recently to withdraw from the official program and become a rival claimant for Office of Economic Oppor-

tunity funding.

Dr. Norvel Smith, the council's staff director, bemoans "mass infiltration" from the Berkeley campus. He told Nation's Business that the radical student Vietnam Day Committee there is out to punish the city for mobilizing police to prevent a mass march from Berkeley to Oakland designed to tie up the Oakland Army terminal, a major port of embarkation for Viet Nam-bound troops.

Dr. Smith, a Negro, blasts the students as "white colonials" who, he says, are trying to discredit the local poverty board and middle-class Negro leadership.

"It's clear to me that a lot of these groups, which may include some well-meaning liberals enchanted with the idea of starting some mild sort of social revolution, have become part of the whole Vietnam Day Committee movement. They don't want to change the system,' Dr. Smith says of the students, "they want to knock it over."

And who are the students? "I sense that an awful lot of radical students are being subsidized by the work-study program-through the

university."

When he attends neighborhood meetings held for the poor, Dr. Smith said, he finds them stacked with outside agitators, some of whom identify themselves as members of the Socialist Workers Party. Checking up, he found some were on work-study projects.

A university source indirectly confirmed this participation, acknowledging that the work-study program does generate "competition" with other anti-poverty efforts

in Oakland.

Significantly, a number of those

attacking the Oakland poverty program show up in league with Mark Comfort, who has openly worked with DuBois club forces and the Progressive Labor Party.

Until recently he was working as a \$5 an hour supervisor supposedly teaching job skills to poor youths under the federal Office of Economic Opportunity's Neighborhood Youth Corps. The program was run by the Alameda County Central Labor Council.

Youth Corps official jailed

The council couldn't care less about his police record and political background, says Richard K. Groulx, assistant executive secretary. At one point the council held his job open for him while he was in jail for illegal agitation tactics.

He was finally let go, added Mr. Groulx, partly because the \$640,000 program was phasing out and partly because of "incidents" on the job, such as his hurling rocks at people

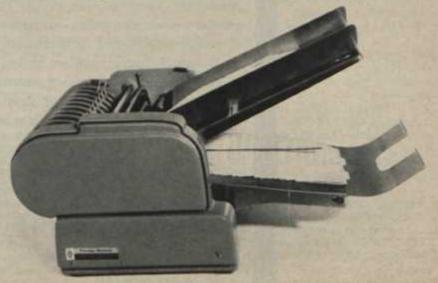
from a truck.

"He was unable to distinguish between leading his kids and sort of joining them," explained Mr. Groulx.

Mr. Comfort recently faced return to jail for turning out some 400 students to picket Oakland police headquarters in a demonstration

This little machine can fold as many things in an hour as your girl can fold in a week, and that's only half of it.

Take a whole pile of things. Like letters and bills and Give them to this machine. It folds them neatly, cleanly, price lists and whatever else you have that needs folding. and stacks them for inserting into envelopes.



against alleged police brutality. The same Mr. Comfort's continuing ties to poverty efforts were reflected when he turned up on the editorial board of a militant new publication, Flatlands. It is named for a section of Oakland with a high concentration of poor.

To quote the publication: "It's like government's just one big structure; and it won't bend or crack at all. We don't down any one person; we down the whole works, the whole way of thinking and promising and doing nothing at all. We're not going to take it any more."

With him on the editorial board is Gerald Leo, a former work-study participant and now leader of the breakaway faction on the Oakland poverty board.

Some photographs for the publication are supplied by the same Howard Harawitz, who is a former Du Boisclub member and now a member of the Berkeley anti-poverty board.

Official sponsors of the publication include the East Oakland Christian Parish, which gets an estimated \$16,000 for a work-study staff to "work with neighborhood groups to motivate for social action."

Another sponsor of the publication is Lew Harris, an official of the Oakland Project, University of California Extension, whose job includes channeling students into community work.

Two work-study participants from the university are engaged as reporters for *Flatlands* and researchers on community issues.

Asked why he helps give a platform to Mark Comfort and likeminded agitators, Mr. Harris told Nation's Business that such people, with whom he does not agree, are far more dangerous if left in isolation.

Robert Scheer, an advocate of more militant anti-poverty measures, has entered the Democratic primary race for Congress. Mr. Scheer is foreign editor of the Bay area Ramparts magazine. The publication's February issue blasted Oakland's citizen leadership, charging it is unresponsive to the needs of the poor. A top Scheer lieutenant is Jerry Rubin, founder of the Vietnam Day Committee. He describes the upcoming Congressional primary as an attempt to destroy the Democratic party:

"A campaign like this—radical candidate, radical program, radical goals, and independence from the Democratic Party structure, but use of its primary as a forum—will disillusion more people with the Democratic Party than a hundred speeches on the party's nature."

A confidential survey of paid antipoverty workers in the Bay area disclosed that class-struggle convictions were widespread among these workers. The survey reflects a suspicion of and hostility toward the "power structure," which seems to include all incumbent economic and political leadership.

Workers' views, the survey says, "range from a militant identification with the poor to a pronounced distaste for the poor.

"The more militant . . . speak not of helping or uplifting the poor but of accepting the poor now as full equals. They tend to place responsibility for the condition of the poor on the 'power structure' and are generally hostile to the power structure.

"They have a certain distrust of helper institutions, including the war on poverty, and are very sensitive to the dangers of selling out to the power structure. They see themselves as agents for organizing the poor to fight successfully for objectives defined by the poor and pursued by means defined by the poor."

And these are the reported feelings of employees paid by the poverty program designed to help the

(continued on page 95)

The other half is an inserter.

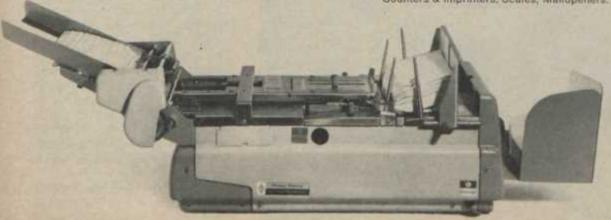
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WORLD BUSINESS: Special quarterly report for Nation's Business by WHAT TO EXPECT

the respected Economist Intelligence Unit, London

Will U.S. loosen Red trade curbs?

Current talk of opening up U. S .-Soviet trade is quite a switch from the old days when Russians fought to get the pickings from America's technological banquet.

Look what has happened. President Johnson's advisers on East-West trade see the strategic embargo as no hindrance to the Soviets' self-sufficient defense industry. It is the civilian economy that suffers from trade curbs. But, say the Russian leaders, there can be no trade thaw till the United States guits Viet Nam, or settles with the Viet Cong.

Even under the present sticky setup, however, the U.S. could sell much more to the communist bloc.

Russia's economy is scheduled to grow six to seven per cent a year. Chemical plant appears the most promising sector for foreign suppliers. Mineral fertilizers and synthetic fibers are planned to double over five years and plastics to do even better.

The U.S. could also take advantage of a consumer boom that should hit the Soviet Union around 1968. A few more Russians will be able to buy cars and other durables. But this means a sizable opportunity in absolute terms, and U. S. know-how could turn it to advantage. Otherwise Europeans will beat America to it. Fiat has already jumped the gun with a proposed vehicle deal. The Soviets will produce only 800,-000 cars in 1970, compared with 200,000 in 1965. It looks as if the regime will have to import other goods to satisfy the Russian consumer's fatter wage packet-textiles could be the pacemaker here. Computers, too, are a possibility. Some Russians are suggesting these should be bought from the West.

European chemicals plan invasion of U.S.

While American chemical companies spread out all over the world, European companies are beginning to fight back.

National boundaries today mean less and less inside Europe, and it will not be long before a more serious invasion of American soil starts. But it will be different altogether from the American flow the other way.

Europe's producers must be internationally competitive and operate large, efficient units in direct competition with the Americans. Yet few are big enough yet to command the resources needed.

Measuring by sales, nine of the 15 largest chemical companies are American. Hence the move in Europe to concentrate into larger units. This has reached its most conscious form in France, where a recent report laid it down as official policy. In Britain, long dominated by Imperial Chemical Industries (second biggest after du Pont), Albright and Wilson has merged with Associated Chemicals. More mergers are ex-

Rather than meet the American market head on in a massive confrontation in areas where econo-

Muscovites' enthusiasm over U. S.-made washers in a laundromat may be clue to Russian reaction if and when our export trade is stepped up.



mies of size are more telling than any technical advantages they can muster, German companies are exploiting their specialized know-how. Working through joint projects with American companies, they are setting up to make products like drugs and dyes for which there is a small but fairly secure demand.

On this basis, a small but pervasive marketing bridgehead can be secured through which other products can be fed. This is how the companies hope to up their sales.

Marketing is increasingly the essence of chemical success, particularly at the commodity end of the product range.

Israel: a paradise for tourism investors

Hotels have been attracting toprank foreign investors to Israel. The Hilton and Sheraton chains have opened luxury hotels in Tel Aviv; and they are toying with Jerusalem, where a tourist-minded new mayor is likely to smooth their path.

Israel is flying high in the tourist boom. Tourists have more than doubled in five years.

On top of the stream of visitors to the Biblical sites and Israel's well-wishers from America are the sun-and-sea worshippers. Europe's travel firms are sending clients farther and farther afield as traditional holiday playgrounds are swamped.

Israel's potential is a long way from being exhausted. As real incomes rise in North America and noncommunist Europe—at the same time that the relative cost of air travel is decreasing—there is every chance of visitors pouring into Israel in numbers far exceeding past records.

Israeli Ministry of Tourism plans to develop the popular Red Sea shore near Eilat, where rainfall throughout the year is virtually nil, winter temperatures average some 70 degrees Fahrenheit and the temperature of a smooth sea is also about 70 all year round. The project includes the creation of an inland lagoon and lengthening the area of beach available.

In recent years, Israel has done much to make its historical sites more approachable, and the internal communications network is well developed. Public transport is cheaper than in most countries of Western Europe.

U. S. bounces back in sulphur scramble

American sulphur producers are once again on top.

Last year's restrictions on the export of sulphur from Mexico have effectively delivered world trade back into the hands of the American export combine, Sulexco.

The Mexican deposits—developed by Pan American Sulphur Co. were threatening to endanger the price of American exports. But government restrictions, designed to keep supplies intact for the Mexican future, have turned the sulphur trade on its head.

It is only a couple of years since American firms (producers of 6.2 million tons last year) were down to 60 per cent capacity.

Prices reached as low as \$18 a ton from the Gulf Coast. At those prices, Sulexco (mainly Texas Gulf Sulphur Co. and Freeport Sulphur Co.) decided not to export. But the Mexican withdrawal has brought about a hardening of prices. U. S. producers raised list prices, and sulphur has been quoted in Rotterdam as high as \$60 a ton, compared with the official price of \$42.50.

Meanwhile, some consumers are running short, particularly disulphide users in Britain. If the swift reversal of the market has done anything, it has confirmed consumer dislike of commodity-type fluctuation in the prices of their raw materials. They'd rather pay more for some security.

Aussie farms buy more American phosphate

Two years ago the United States supplied less than one per cent of Australia's imports of rock phosphate, the raw material for superphosphate fertilizer. More recently America's share of rock phosphate imports increased by 350,000 tons, worth \$2.5 million.

The reason: Dwindling supplies from Nauru Island, which until recently supplied over half of Australia's requirements. This remarkable island is almost solid rock

phosphate, but exploitation has been at such a pace that by 1980 reserves will be exhausted.

Australia's annual consumption of superphosphate has leaped by a million tons in the past decade. The loss of Nauru will mean using lower grade deposits farther from Australia. As a result, Australia's buying price will jump by about 30 per cent. But these blows are not likely to deter the Australian farmer whose use of superphosphate attracts a sizable government subsidy of \$7 a ton. Superphosphate is often the only means of insuring adequate returns from Australia's notoriously infertile soils.

So the market appears wide open. The forecast is that demand will treble by the end of the century, by which time Australian farmers each year will be spreading some nine million tons of superphosphate over an area larger than Texas.

Roadmaking equipment needed in Denmark

The Danish government's \$3 billion plan for improving surface transportation offers opportunities for American exporters of roadmaking machinery and construction equipment.

The plan, launched two years back by the Road Directorate, outlines expenditure over a 20-year period ending in the early 1980's. Principal features are a projected \$1.5 billion investment in new roads, \$1.3 billion for maintenance and minor works, \$380 million on new bridges, which will be the showpieces of the whole program. One bridge will link the islands of Funen and Zealand at a cost of \$200 million; another will join Denmark with Sweden.

Danish manufacture of equipment needed for the program is limited.

Equipment such as bulldozers, excavators, shovels, graders, scrapers, dumpers, crawler tractors and asphalt pavers is bought abroad—chiefly from Britain, the United States and West Germany.

American suppliers are well placed to increase their share of this market, if they keep in mind that service is the key factor in winning orders.



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WEIRD WARRIORS

continued from page 91

poor help themselves. Ironically, a Washington conference on poverty held since the survey disclosed that many of the poor really don't want poverty-stricken people to have complete charge of the program. Their reasoning is that a person unable to meet his own economic needs is hardly equipped to run a program for others.

Out of hand?

A Bay area official concedes privately: "We're going to get burned one of these days," explaining that militant amateur representatives of the poor, in their zeal for a worthy cause, can get out of hand.

This almost happened in San Francisco recently, where a paid community organizer turned out his 21-member staff for a potentially explosive demonstration which he concedes could have triggered a riot similar to that which occurred in the Watts area of Los Angeles.

Learning that a family was to be evicted from a public housing project for failure to pay rent, Harold Brooks asked for staff volunteers who didn't mind civil disobedience or the prospect of going to jail.

They held a "stand-in" at the apartment—some 50 to 60 people jammed inside sitting on the furniture, while a hostile crowd of some 100 to 150 unemployed youths and people with grievances against the housing authority milled outside.

"If the police had started to move anybody, we would have had a real blow-up," he told NATION'S BUSINESS. "You probably would have had a Watts situation . . . all the ingredients were there."

Comments a Bay area official: "Some people are naive enough to think you need a couple of Wattses to get anything done. Well, they had their riots in Watts and what did it get them?" Fear of recurrence has blocked rebuilding in Watts and many local businesses are afraid to reopen.

In Washington, D.C. federally paid anti-poverty workers have taken an equally aggressive role in organizing slum dwellers into militant protest groups. At a recent grievance rally of Negro residents of the Barry Farms public housing project, white anti-poverty operatives listened attentively as the project residents ticked off their complainants to reporters. As the complainants' emotions rose, they began to shout that they would march on

the offices of the housing authority. At this point, a white organizer clapped his hands and exuberantly said, "You think this is something? Wait until summer. We are going to blow this town wide open."

A NATION'S BUSINESS investigation of the anti-poverty program in the nation's capital disclosed the presence on the program payroll of a number of extremists of the political left with backgrounds in highly militant civil rights organizations, in ultra-left labor groups and in movements opposing the Administration's Viet Nam policy. Some anti-poverty workers openly boast that they are socialists, and one hears the familiar, repeated talk about "shaking the power structure."

Crackdown on subversives

This spring the Office of Economic Opportunity issued regulations saying: "Manifestations of disloyalty to the United States, membership in subversive organizations or lack of sympathy with the objectives of the Economic Opportunity Act [are] inconsistent with employment in a community action program."

The community action programs are the big guns of the anti-poverty war wherein the poor, cooperating with local anti-poverty boards, seek solutions to their problems.

But the government's new regulations don't cover the work-study program or the Neighborhood Youth Corps, which are other phases of the federal anti-poverty fight. And since the new rules aren't retroactive, they don't cover community action people already hired.

An anti-poverty official concedes

that they say, in effect:

"If you already have a Joe Stalin on the payroll it's okay; just don't hire any more."

Furthermore, as OEO Director Sargent Shriver recently pointed out, these regulations are "not cast in concrete," and can always be relaxed—or dropped.

A politically astute agency spokesman added that there was considerable criticism from Congress over the regulations—not because they hadn't come out earlier but because they'd been issued at all.

Some members of Congress who favor the objectives of the federal war on poverty deplore the obviously loose administration of the program which has permitted radicals, extremists and outright subversive elements to use tax money to exploit the poor for their own political, economic and social ends.

PATTERN FOR SUCCESS

How to carve your niche in the economy

Last article in a series re-creating Harvard University's Advanced Management Program



At the end of your 13 weeks as an AMP, a participant in Harvard Business School's renowned Advanced Management Program for executives, you are asked to evaluate the program and the men who conduct it.

One professor who consistently scores well in these evaluations is the witty and incisive Warren A. Law. This, even though he makes it his job during your stay at Harvard to upset you as much as he can.

Prof. Law's gadfly tactics are performed in that portion of the program that bears the sweeping title: Business and World Society. It covers such topics as the economic system, money policies, international finance, antitrust laws and the responsibilities of business. "I purposely take strong stands to get reactions from the AMPs," Prof. Law confesses. "I deliberately confront them with ideas alien to those often heard by businessmen, in order to inform—many times to shock—in the hope that each man will re-examine his business views.

"I sincerely believe that business and the free world can no longer tolerate lazy intellectual habits."

Some attitudes he hopes you carry with you when you leave Harvard and return to your business are these:

- Economists' arguments are important, because their outcome soon affects businessmen.
- Long-range planning for business requires understanding change in political, technical and social as well as economic—affairs.
- Government and business goals do not always clash.

Dollars and cents world

Prof. Law begins with a six-hour course in basic economics like none other seen on a college campus. Several of the AMPs in the class have Ph. D. degrees, some earned in economics. And all are well-schooled in the dollars and cents world of business.

The nearest thing to an economics textbook used in Prof. Law's class is the government's paperback "Economic Report of the Presi-

Professor Law, at the blackboard at left, is in his element when he's recounting episodes like the confrontation between Kennedy and the steel leaders before AMPs, at right, from government and business.



PATTERN FOR SUCCESS continued

dent." Prof. Law believes all executives should form the habit of using this book which is updated each year with figures on the nation's economy and new statements by the Administration on its programs and plans.

The general tone of the latest report is optimistic, Prof. Law observes. He points, for example, to an opening comment by President Johnson: "A few years ago, much was heard of the 'European economic miracle.' Today, across the Atlantic and around the world one hears once again of the 'American economic miracle.'"

In the first case you tackle in Prof. Law's class, you are asked to make a simple economic forecast. You are given figures for various segments of the economy that are assumed to be changing. You see that anything anyone does regarding spending has a magnified effect on the economy as a whole. When a businessman increases his capital investment by, say \$100,000, the gross national product (GNP) goes up several times that amount.

Prof. Law reviews the "circular flow of income," which is found in new textbooks on economics. He draws a block on the blackboard to represent "producers" and another block to represent "users" and connects the blocks with lines to show a flow of income back and forth.

He divides the users block into two sections—persons and businesses.

The income would churn smoothly between producers and users with capital being continuously pushed into profitable areas, except for three influences which Prof. Law now adds to the chart:

- People's tendency to save a portion of their income.
- Government interference with the free flow of income.
- The influence of foreign economies.

How money vanishes

Savings act as a drain on income. The economic report shows that consumers last year saved \$25.1 billion of a total of \$465.3 billion of "disposable personal income."

Businessmen can dip into these savings by borrowing and put the money back into the income flow as investments. Last year businesses removed \$22.1 billion from the \$25.1 billion in the savings sock. Total private investments in the United States last year were \$104.9 billion. This figure includes

investments in homes, apartments and other dwellings, as well as in buildings, inventories and machinery.

"Consumers as a whole consistently save and businessmen as a whole consistently borrow," Prof. Law says. "But we can't make such a flat statement about the government." Some years the government shows a deficit, sometimes it shows a surplus.

Prof. Law draws another block in his income flow chart to represent the government which, he explains, encompasses federal, state and local governments as well as school and sewer districts and any other public institution that can spend money. The government can dip into the savings sock, too, by selling bonds or increasing taxes. It can boost savings available for private borrowers by retiring some of its bonds.

The great bulk of the income flowing out of government goes to producers in the form of government expenditures or to persons in the form of "transfer payments" (called handouts by some).

"Keynesian" economics argues that if the government wishes to achieve uninterrupted prosperity, a high level of employment and an end to "boom and bust" business cycles, it must stabilize the flow of income. To do this the government should borrow during recession periods (when businessmen wish to borrow less than consumers wish to save), and it should "save"—run a budgetary surplus—in periods when inflation threatens.

Prof. Law maintains that, as far as the basic impact upon the economic system is concerned, there is little difference between government borrowing and business borrowing, or government spending and business spending.

Some AMPs here question the right of the government to force some people and firms to pay much more than others in taxes to support government spending and interest on borrowing, especially when the money sometimes goes for projects that may run contrary to their survival.

Prof. Law asserts that businessmen often attack in the abstract what they support in the concrete. "It's okay if you like the battle as a form of ritual, but as far as time goes, it's a waste," he argues. "The welfare state is here to stay."

Income flow can be further drained or increased through trading with foreign countries.

The gross national product, the



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PATTERN FOR SUCCESS

continued

value of all goods and services produced in the United States, last year was \$675.6 billion. That is almost twice as large as Soviet Russia's GNP. As a matter of fact, the gain in the GNP of the United States since 1963 about equals France's entire output of goods and services last year.

"You might say that in two years we created another France," Prof. Law remarks.

The President's economic report shows that this increase in the GNP is fantastic even after it has been adjusted to reflect generally higher prices. These price adjustments are made by considering changes of all items in the economy—from haircuts to nuclear-powered aircraft carriers.

"If it is determined that Americans spend 1,000 times more for bread than they do for caviar, then, when the price index is drawn up, changes in the price of bread are considered 1,000 times more important than changes in the price of caviar," Prof. Law explains.

You now take up cases involving the public debt. Favoring a deliberate governmental policy to stabilize the economy, Prof. Law maintains that this occasionally requires running a deficit either by cutting taxes or increasing spending. The difficulty, he notes, is in deciding whose taxes to cut and where to spend the money.

He argues that so long as the government has the power to create money, a public debt is not apt to lead to "national bankruptcy." The greatest danger he sees in the public debt is that its size complicates our monetary policy.

"There may, for example, be times when inflation pressures suggest the desirability of tightening money, but debt management suggests the desirability of easier money," he notes.

How banks create money

For several days you study the monetary system and review how money is "created" through central bank action and how it is possible for the central bank to control the quantity of money.

At the center of the banking system in the United States, you are reminded, is the Federal Reserve Board. The "Fed" controls the amount of reserves in member banks—and hence the flow of money in the country-in three major ways:

- By changing the amount of reserves that a member bank is required to keep on hand.
- ▶ By open-market operations, the buying and selling of government securities.
- By changing the discount rate, the interest rate at which the Fed will make loans to commercial banks.

The first method is considered the most drastic; the second method is most common. The third method affects the economy in general. Bankers and businessmen view a change in the discount rate as an indication of Federal Reserve officials' interpretation of the general economic outlook. The Fed has thus come to be a price setter for commercial bank interest rates.

You debate questions of how independent the Fed should be from political pressure, what the effect of the interest rates are on businesses and consumers, and what the government's role should be in fighting inflation. Prof. Law believes that this country's present monetary policy machinery is more effective in slowing down the economy than in stimulating it.

He points out, too, that many prices are not up as much as figures indicate, because the figures do not take into account improvements that have been made in the quality of the items being compared.

He says one suggested way of showing this would be to give a sampling of people two catalogs from the same mail order store one a 1960 catalog and the other a 1966 catalog. Presumably, most persons would prefer items in the 1966 catalog even at the higher prices, because of the improvements.

Prof. Law adds, however, that improvements in quality are not so prevalent in the case of services, for which prices also have risen.

"Few barbers will keep clipping hair at the same old rates when the prices of things all around them are going up," he notes.

There's much to consider

You swing next into case discussions of the problems American firms meet as they search for business opportunities outside the United States, especially in underdeveloped countries.

The AMPs suggest that businessmen consider the following factors before they invest in a foreign land: The political climate there; the

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PATTERN FOR SUCCESS

continued

amount of consumer purchasing power; the state of "Americanization" of the culture; the degree that the businessman may care about helping out that country; how much the businessman cares about the President's campaign to halt the gold drain from the United States; how much the foreign government regulates businesses; and the likelihood that the government will confiscate the property of outsiders.

"It is hard enough to make the best business decisions," Prof. Law says, "without complicating it by trying to make the political decisions."

You discuss the almost incredible problems that people in underdeveloped countries such as India have in trying to raise their living standards.

One economist figures that by the year 2100 the living standard of the average citizen in the underdeveloped world will be lucky to stand at two thirds that of the average American today. But by then the average American will be five or six times as wealthy as he is today. How, you are asked, was the United States able to move so quickly from a wilderness to its present state of wealth? The AMPs offer some reasons:

- ➤ The aggressive spirit of the people who came here to be on a free soil in which they could prove their worth.
- ► America's fantastic climate and its great land mass.
- The comparatively small amount of class consciousness in the new land.
- A religious base that encouraged frugality.
- A great belief in the importance of education.
- ▶ The land's geographic isolation from foreign wars.
- ▶ The fact that the men who fought the American Revolution and drafted the Constitution of the United States held a strong philosophical conviction that a man has an unshakable right to his life, liberty and property.

The screw tightens

Restrictions have in time, of course, chiseled away at this con-

ception of a man's right to his property.

You concentrate on one of these restrictions near the end of Prof. Law's part of the program—the Sherman Antitrust Act.

Prof. Law claims that no country enforces antitrust laws as much as the United States. This is done in the name of preserving competition.

The Sherman Act forbids "restraint of trade" and leaves it to the courts to decide what that means. The Supreme Court has determined that the Act applies only to "unreasonable" restraints of trade, but again it is left to the courts—after the fact—to decide what comprises unreasonable restraint.

Often what is considered reasonable in one industry is considered unreasonable in another.

Among the antitrust cases you study is one involving the Times-Picayune Publishing Co., a New Orleans newspaper owner whom the government prosecuted for requiring all advertisers to run their ads in both its morning and afternoon editions.

You are asked whether you would have voted in favor of the newspaper or the government had

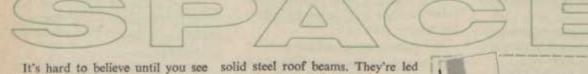
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Dining out with a professor and his wife, AMPs continue discussions of business problems. The AMPs stay in contact with the school and each other for years through their class organization. Below, class officers strike poses for the yearbook pages.



NATION'S BUSINESS-MAY 1966

AUGUST 9, 1965/VOLUME 4, NUMBER 16

IN BRIEF

HERE'S THE ISSUE

LEGISLATIVE INFORMATION SERVICE: Published every other week while Congress is in session by the Legislative Department, Chamber of Commince of the United States, Washington 6, D. G. Subscriptions: \$2.50 per year to members of the National Chamber; \$3.50 per year to non-members. Rates for multiple subscriptions or bulk orders available on request. Material in this bulletin may be reproduced with or without credit.

... In Congressional Debate on

Unemployment Compensation

The

There is no agreement on the nature and extent of the problem. Controversy arises over disagreements on (1) the adequacy of state Unemployment Compensation systems and (2) the proper role of UC systems in dealing oved in good times as well as in recession.

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PATTERN FOR SUCCESS

continued

you been on the Supreme Court, The AMPs are about evenly split, As a matter of fact, the Supreme Court voted 5-4 in favor of allowing the newspaper to continue its advertising policy.

One AMP points out that under the antitrust laws what is illegal is the "intent to monopolize." He suggests that more effort be made in antitrust cases to see if an accused firm actually intended to restrain trade.

"Intent is a tough thing to pin down," Prof. Law says. "It's hard to read a guy's mind, unless he's stupid and leaves memoranda around."

"Hell, our intent every day is to beat out the competition," says the production manager of a rubber company. "Every man for himself."

"Yes," Prof. Law comments, rubbing his chin, "that's the same thing the elephant said while dancing among the chickens."

A firm can be judged to be an illegal monopoly even if it is not making much in profits, as you see in examining the 1945 Supreme Court decision against the operations of the Aluminum Co. of America.

Prior to World War II, ALCOA was not making abnormally high rates of return, but it was the only producer of primary aluminum. It was able to maintain its position through extraordinary efforts at efficiency and cost-cutting, which allowed it to keep down the price of its product. Would-be competitors in primary aluminum could not match the efficiency of ALCOA. In order to make a profit, they would have had to sell their aluminum at much higher prices than ALCOA.

In indicting ALCOA for being such a good competitor, Justice Learned Hand stated: "It (ALCOA) insists that it never excluded competitors; but we can think of no more effective exclusion than progressively to embrace each new opportunity as it opened, and to face every newcomer with new capacity already geared into a great organization, having the advantage of experience, trade connections and the elite of personnel."

Game time is no recess

About midway in the Harvard program, your routine of case studies and class discussions is broken up by The Game. Officially called the Harvard Business School Management Simulation, The Game provides you with not only a change of pace, but also a chance to get a feel for what it's like to plan and run your own business in the face of tough competition and uncertainty.

You also experience problems of cooperation and conflict in management teamwork. Associate Professor James L. McKenney and his assistant, Patricia Glavin, divide the AMPs into four-man management teams. Each team represents a firm and each firm competes against four other firms in its industry.

You spend hours with your teammates over "decision sheets" on which you indicate such things as how much you will charge for your hypothetical products in various markets; your production rate; what the quality of your products will be; how much you will spend on marketing, plant and research and development; how much raw material to buy and the types of financing to seek if more funds are needed.

At the start of each "quarter" you hand your decision sheet to Miss Glavin who puts the data into a computer. After integrating your decisions with those of other firms in your industry, the computer prints out the results in the form of quarterly income statements.

You go through 10 quarters in this fashion, observing the cause-andeffect chain reactions of decisions made by you and your competitors.

There are no real winners or losers in The Game, except insofar as you have succeeded or failed in reaching the goals you set for your firm—such goals as capturing the major share of your industry's market or chalking up a high return on investment or a handsome profit.

Waves of wives arrive

Another big change of pace comes in the thirteenth and final week of the program, known as Wives' Week.

The program directors insist that the AMPs' home companies not bother their representatives while they are at Harvard, except for the most urgent matters. While the companies have been able to adapt fairly well to the AMPs' long absences, things have not always gone so smoothly with the AMPs' families.

One AMP, for instance, got a phone call from his wife in St. Louis who desperately pleaded with him to fly home and figure out why all the faucets were dripping. As a consolation for such grievous experiences, AMP wives from all over the world converge on Boston for Wives' Week. And their husbands finally are allowed to move out of their cell-like quarters in Hamilton Hall to rejoin their spouses in a Boston hotel.

Wives' Week glistens with receptions, parties, a clambake and tours of historic spots in and around Boston. But it's not all play. The wives are given cases to read and must attend classes which are taught by AMP professors and modeled after the regular sessions. To the utter horror of some of the ladies—and to the delight of others—AMP professors call upon them to comment on the cases.

Meanwhile, you and the other AMPs are grappling with the mighty "Big Case."

"The Big Case summons the skills and knowledge you brought to Harvard and all the accumulated learning of 12 weeks," says Professor E. Raymond Corey, chairman of the AMP faculty.

The Big Case is really a stack of smaller case studies describing many facets of a single firm. The material has been gathered over long periods and at considerable expense by Harvard researchers. Among the firms examined in past Big Cases have been Moore-Mc-Cormack Lines, Inc., Indian Head Mills, Inc., McGraw-Hill, Inc., and the overseas branches of General Foods Corp.

You're a consultant now

Again the AMPs are divided into teams.

Acting as management consultants for the firm being studied, the eight-man teams prepare written and oral reports on how the firm can improve its operations and draft timetables for making these improvements.

On the morning of the final day in the program, the best four reports are presented before both the wives and top officials from the company that is being studied. The officials pick the presentation that they feel is most helpful to them.

Later that day you attend graduation ceremonies in the auditorium of Baker Library and receive your AMP certificate.

Harvard looks upon your certificate as a pass to a continuing business education. It entitles you to membership in the Harvard Business School Alumni Association, which is made up of some

The NCR 315 family of computers.

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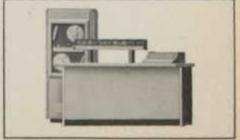
The NCR 315 is no more one computer system than a family is one person. It's a family of computer systems. Related but tailored differently for the differing needs of every market group. One branch of our family is helping a west coast airline keep track of reservations. Another is helping a newspaper set type. Another series of 315 con-

figurations is helping to meet the total data needs of industry (a Johnson's Wax installation is one recent example). A different branch of our family serves government. Another is automating window transactions for banks and savings and loan associations. And still another branch of the NCR 315 family is causing nothing short of a revolu-

tion in the retailing business today. We could go on until doomsday about the merits of 315 systems. Like RMC (rod memory computer) that cycles at billionths of a second. But that's another story (ask your NCR man). The thing is, whatever kind of data handling need you have, there's a member of the 315 family that can do the job.



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at midnight. We make sure of that by hushing road noise with our acoustical ceiling, and by squelching squeaks and rattles with our unitized body construction. There are a few fringe benefits you might add: adjustable steering wheel, bucket seats with center armrest, console with floor shift, air conditioning with a low price tag. Even without them, this fendered office is about as opulent as the law allows. But the price is lean—like Impala, Galaxie, Fury.* See your American Motors Rambier dealer, or write Fleet Sales, American Motors Corporation, Detroit, Michigan 48232.

*Based on comparison of manufacturers' list prices.



PATTERN FOR SUCCESS continued

28,000 businessmen throughout the world.

The association regularly holds "mental rust-proofing" seminars in which faculty panels travel throughout the country discussing developments in business techniques and problems. Topics of some recent seminars have been "New Mathematical Concepts in Business Decision Problems," "The Businessman and the Federal Government," "Management and Technical Innovation," "Innovation in Marketing," "Innovation in Finance" and "International Operation and American Businessmen."

Polls taken of the more than 6,500 graduates of Harvard Business School management programs show that they have found the programs valuable in:

 Knowledge gained from sharing experiences with men having a variety of business and personal backgrounds.

 Friendships of lasting significance.

 Gains in self-confidence and the attainment of new ideas and attitudes. Appreciation of the need for more advanced skills in management.

 Increased respect for the activity of managing private business affairs.

Applications keep mounting

That the program is successful is seen, too, by the increasing number of companies that continually reapply for the program and the increasing number of graduates assuming corporate presidencies.

Each week new applications pile up on the desk of Mary E. Sughrue, the tireless, young executive secretary for the program.

At times, she says, the backlog of applicants has been two years' long.

There is talk of some day doubling the size of the sessions and of running a third session each year. Both ideas would require enlarging the faculty and putting up more buildings.

Still another indicator of the success of Harvard's Advanced Management Program is the fact that so many other universities have established similar "back to school" programs for executives.

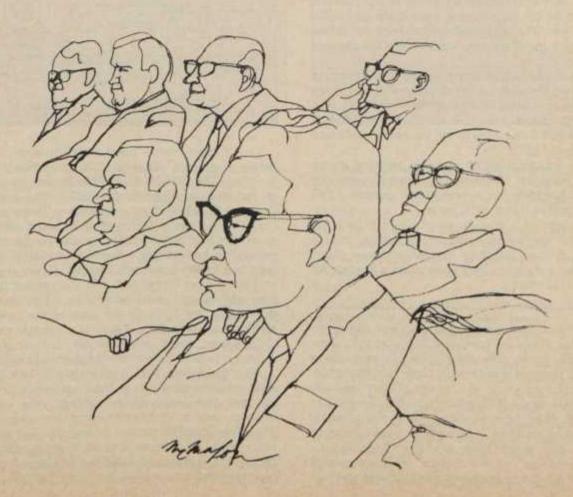
Dr. George P. Baker, dean of Harvard Business School, believes today's brand of business management is drawing closer to the professionalism attained in law and medicine.

"We aim high in our purpose," Dean Baker tells you in the graduation address, "because the faculty shares with me the conviction that no single group in America can match in importance the creative role of business management in providing material well-being, responsible leadership and physical strength to the nation—all in the process of doing your jobs effectively and fairly for your firms and organizations.

"We hope that afterward, in retirement, you will feel that the world was made better by the decisions you made—and that the decisions you made were a little better because you had been here."

END

REPRINTS of "Pattern for Success—9" may be obtained for 30 cents a copy, \$14 per 100, or \$120 per 1,000 postpaid from Nation's Business, 1615 H St., N.W., Washington, D.C. 20006. Reprints of the entire nine-article "Pattern for Success" series covering all phases of Harvard Business School's Advanced Management Program, are available at \$3.10 a set. Please enclose remittance with order.



You can't succeed in business

Hard work alone won't do it. There's a new, rugged route to the executive suite

The American dream of success through devotion to hard work still excites the men who want to climb the corporate ladder. But the dream has become more apparent than real.

The men who arrive at the top are high performers, but so are many of the men they leave behind. Hard work is a necessary, but not sufficient, cause of advancement. Far more important is the route followed by the aspiring executive.

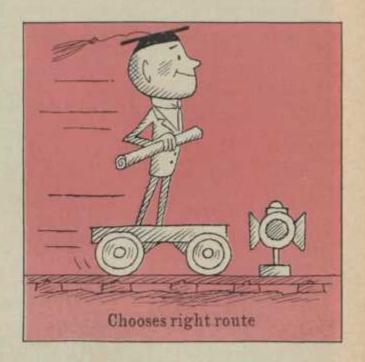
A recently completed study of the presidents and executives of the nation's 100 largest industrial firms shows that the routes to the top are many, but not as unpredictable as expected. Mobility—moving ahead—is determined more by where the corporation is going than by the personal aspirations and skills of executives. The goals and objectives of the corporation determine who moves up, how fast and through what channels.

The study shows that new channels of opportunity have opened up and old channels have closed down as corporations have changed their objectives. The unheralded growth and change of the last decade have produced new routes to the top and a new breed of executives.

A close examination of mobility patterns shows that the majority of executives move through the corporate hierarchy in a predictable pattern. The majority profile shows an S curve.

The pattern of a specific executive may be a bit jagged, but executives collectively average out to form this S curve, starting with an entrance stage, followed by a sharply rising stage, then a leveling off at the arrival stage.

The American businessman long has been the object of intensive study by psychologist Eugene E. Jennings, who wrote this article. Dr. Jennings is a nationally recognized author, lecturer, administrative adviser and member of the faculty of the Graduate School of Business Administration, Michigan State University. Here he summarizes his recent research into changing patterns of executive advancement in industry. His latest book is "The Executive in Crisis," published by the Bureau of Business and Economic Research, Michigan State University.



The S curve shows three mobility stages for the future presidents. The stage that precedes mobility is college. In 1948-1953, our base period, 80 per cent of the company presidents studied had bachelor's degrees. By 1965, 95 per cent were college graduates.

But a bachelor's degree often is not enough anymore. In the 1948-53 period, eight per cent of the presidents had master's degrees. By 1963, 33 per cent had master's degrees; in 1964, 37 per cent; and in 1965, almost 40 per cent. At the present time, 21 per cent have earned doctorates. The projection shows that, by 1970, 60 per cent of the presidents will have master's degrees and 30 per cent doctorates.

Of course, some industries lag in their share of college graduates and advanced degree holders.

We may expect that presidents will look for the same or more education in their successors. Further, the new presidents, on the average, have had 600 hours or more in development programs after college. These seminars keep them technically and managerially alert. Each year at least 35 presidents out of 100 attend seminars devoted to managerial training of some kind.

by merely trying





DRAWINGS BY CHRECKS BUILD

So, if there is one single factor that separates the new breed of executive from his predecessor, it is that he considers managing a learning experience. He is open to ideas, knowledge and education; he seeks to use the latest technological devices to improve the art and science of managing people. He is willing to expose himself to any skill, job, superior or project that will hasten his opportunity to get more challenging assignments.

Today, 75 per cent of the most mobile men have bachelor's degrees in engineering or science and master's degrees in business administration. Men with this combination of degrees are outdistancing any other combination.

With his bachelor's and master's degrees, the aspiring executive is best prepared to enter the first phase of his career in the corporation, the entrance stage.

In our base period (1948-1953), training programs were not common.

Today, however, young executives start as specialists, according to their college education in such areas as sales, engineering, production, research, personnel, accounting and so on.

For the executive on his way up, entrance into the second stage occurs when he spends 60 per cent of his time or more supervising people, usually functional people like those he left behind.

The future president of these large corporations does not spend more than five years in the entrance stage.

He needs no more time to be spotted, fueled and launched into the fast mobility phase.

As the handsome, aggressive young vice-president of an electronics firm says: "If you need more than five years to get your feet on the ground and to be spotted as a comer, you aren't psychologically equipped for the long haul up. It has been my observation that men who dillydally around at the bottom don't make good managers for some time until they make up their minds. Meanwhile, they have been passed up by men who know what they want and how to get it."

(Executives who took part in the survey did so on

YOU CAN'T SUCCEED BY MERELY TRYING continued

the condition that they would not be identified by name.)

As a statistical probability, a man who performs nonmanagerial responsibilities longer than five years will not become a president. His chances today are approximately 20 to one. His chances are four to one that he will not make more than \$35,000 a year base salary.

The problem for many aspiring executives is to separate psychologically from the demands of the entrance stage. When first given managerial jobs, many want to hang on to their technical or functional competences. As long as they do this they fail to give managing their total resources. They must know what good technical or functional men look like and how to organize their efforts efficiently. But they need not be good technical or functional men themselves.

The disarmingly mild-mannered president of an airplane manufacturing firm says: "It has been my experience that the best managers of technical or functional men, such as engineers, scientists, are not the best of the technical men.

"They have sacrificed some of the finer points in their technical education because they were managerially oriented."

Second step on the ladder

Now the aspiring executive is in the second stage of the typical climb up the ladder. This is called the fast mobility stage because men who eventually become president move around rapidly as they move up. This stage is developmental and provides the corporation with top executive talent. The future president moves through the positions in middle-management fast, and he moves sideways frequently. Because he moves around as he moves up, the new



breed of executive has a sort of upward spiral pattern to his career.

Generally, the future president does not stay in one job more than 21 months. If he stays in one job more than five years, he will probably not become a president.

The chain-smoking president of a steel company puts it this way: "If it takes several years to get supervisory jobs under your belt, you can imagine how long it will take to master the more complex jobs in the upper ranks."

Some channels or routes apparently carry people to the top faster than others. These channels vary with the corporation. As a general rule, the accounting channel is a slow one. As one executive from an automobile firm comments: "Some day we will have instant accounting which will slow down mobility in the accounting function even more."

The personnel channel was very active after World War II and during the 1950's. It's slowing down now. One reason is given by an executive in the electrical products industry: "Many of its original missions and purposes have been absorbed by the various line groups."

The mobility rates in accounting and personnel are approximately one half of those in manufacturing and marketing.

Because of the strong research and development emphasis of these large industrial corporations, mobility rates of managers in engineering, engineering research and scientific laboratory activities have risen spectacularly. No group of managers is moving as fast upward or downward. Some move downward because of the high incidence of failure.

Upward-downward shifts are lowest in accounting and personnel. In between are the mobility rates of marketing, sales and manufacturing.

Contrary to many reports, 60 per cent of the presidents served two thirds of their career in the corporation for which they became president. However, they moved eagerly around among jobs, divisions and corporations at the lower levels of the second stage, but always heading upward.

More and more emphasis is being placed on identifying management talent early in the entrance stage and lower phase of the second stage. We shall see a decade of effort spent on early identification of managerial talent. This search has just begun and will continue. Business is learning to spot, as well as develop, managers and executives through mobility exercises.

This method of developing managers by high lateral-vertical mobility is producing executives who are change oriented. They are a new breed—progressive and impatient with those who are slow to adjust to new ideas or techniques and to sponsor them.

New managers are generalists

If this trend continues, and every indication suggests that it will, the men moving into the arrival stage by 1970 will be broadly based managers. They will move into the arrival stage as generalists. Their great skill will be to manage people, regardless of their functional orientation or technical skills. We will see, then, the first truly professional type of manager in overwhelming numbers. He will identify

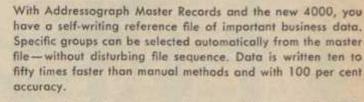
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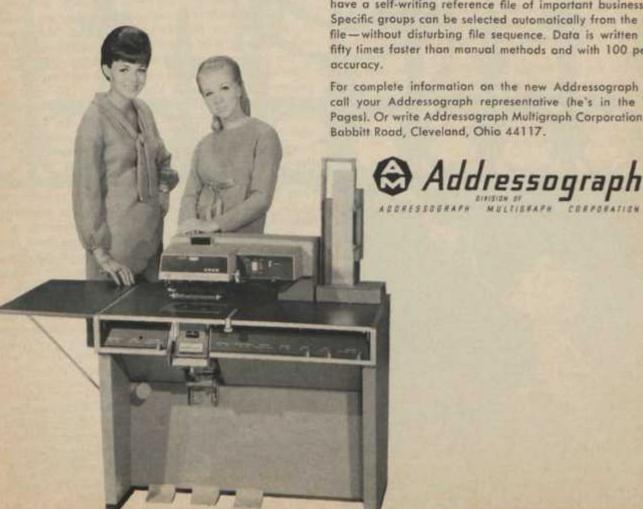
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YOU CAN'T SUCCEED BY MERELY TRYING continued

himself as a manager rather than a functionalist or specialist.

Also, most managers will identify with their role of manager rather than with the companies they work for.

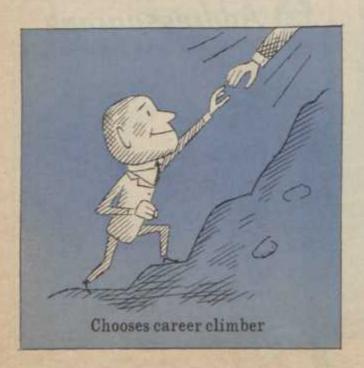
The new breed keeps a watchful eye toward the top and the center of the firm, and what he sees and emulates are men who enjoy the challenges of managing vast organizations of people. His criteria of managerial success are the same: Profits, return on capital investments, market penetration, continuity of the firm. But these are bench marks and not objectives. Deep inside him is a strong drive to manage people. This is his foremost objective. As one young president says, "My real love is managing. I could be happy in almost any organization, be it governmental, educational, military or social. As long as it has people, it needs good management."

Because of this emphasis on general managerial ability, the corporation is not so apt to become the lengthened shadow of one man. It is apt to have greater stability and integrity or corporateness.

Hitting the top

The last stage of the mobile manager's route to the top is called arrival. This stage is measured by how frequently and with what duration the individual interacts with the president. Generally, he is on the arrival pad when he assists (line or staff) a man who sits on the president's first team (executive committee).

During the base period (1948-1953), 70 per cent of the executives reached this stage between the ages of 51 and 53. Afterward, it took them 10 years, on the average, to become president. This means that the age of the president, then, was between 61 and 63 for the majority in our study.



In 1961-1964, the average age of the executive when made president dropped a full 10 years. To-day, men are becoming presidents at an age when their predecessors topped out their careers in middle-management. This means that a mobile executive who eventually becomes a president starts with a master's degree, enters the corporation at age 24 and has 20 years to get to the arrival stage on time. This is the outside time period.

If he is typical, he will get into the arrival stage when he is in his 30's and early 40's. Then he has adequate time to get spruced up for the presidency about eight years. Once the successful candidate spends 60 per cent of his time supervising people, he takes less than 20 years to become president.

There's a basic difference between the new breed of manager and his predecessor. Before 1950, American business largely thought talent would automatically surface, much as cream comes to the top of milk. Each aspiring executive was on his own more or less. A second belief was based on the notion that practice makes perfect.

This belief may have been useful in teaching piano, but it was definitely a liability when applied to developing executive talent. Men were kept in jobs long after they had learned them. Consequently, men overlearned their jobs on each rung of the corporate ladder. They were not only slow in arriving at the top, but many were old men with much of their enthusiasm and brilliance wrung out of them.

Today, things are becoming radically different. Promising managers are moved before they get bored. If anything, they practice underlearning. They have to be mentally alert to get into a job and learn quickly the fundamentals and move to another job.

To move up and keep moving, the aspiring executive must go for jobs of high visibility. He must be visible to the men upstairs and they must be visible to him. High visibility is found in the channels with highest mobility. These channels produce the top group who are always looking downward to spot their replacements.

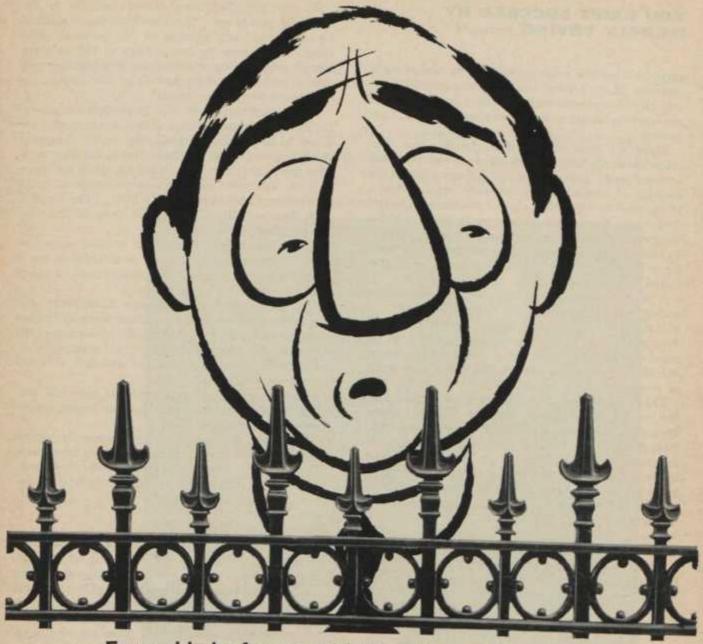
In the past, few presidents came from staff positions that carry the title of assistant, such as assistant to the president, or assistant president or assistant manufacturing manager. But because planning, advising, coordinating and liaison functions have become very crucial to the managing of a corporation, over 40 per cent of the presidents have spent more than five years on staff assignments of some kind.

Today, the mobile manager may alternate frequently between line and staff jobs as he moves up. The staff route is definitely a sign of career mobility. It is no longer a shelf-sitting exercise.

Overseas service an asset

As another example of how routes to the top are determined by the over-all direction of the corporation, in our base period almost none of the presidents had ever worked in the division or suborganization that handled foreign business. Because the large industrial corporation is going abroad more each year, more presidents are coming from the group dealing with foreign markets and manufacturing.

By 1961-1965, 20 per cent of the presidents had



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YOU CAN'T SUCCEED BY MERELY TRYING continued

spent at least five years in staff or line assignments overseas. If the present trend continues, by 1970 the majority of our presidents will have had experience in managing foreign assignments at some time in their careers.

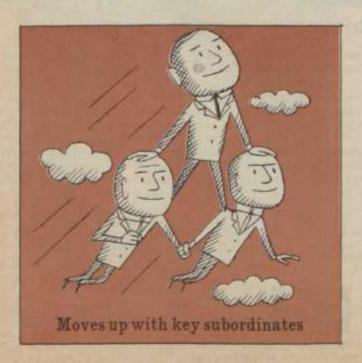
There are some reliable characteristics that separate the executives who are on their way from the arrested types. One outstanding difference is that the majority of presidents have not made major mistakes. If the men in the arrival stage have made mistakes, they made them while they were in lower middlemanagement and showed remarkable recovery powers. In many cases, the reaction to a mistake set the basis for a larger error, and it was the larger error that bogged him down.

A second outstanding quality of the men in the arrival stage who eventually become presidents is that they have the capacity to trust and to be trusted. Few men arrive at the top who are not trusted by somebody already there. They move up by being sponsored by someone who has the power to promote or recommend promotion.

This means that successful executives move into the arrival stage largely with the belp of others. Executives move up in twos and threes. They bring their trailers with them. These trailers are key subordinates. Such subordinates are considered crucial to their superior's effectiveness and mobility. They know how to make their bosses look good and how to keep them moving ahead. This way they move ahead, too.

The mobile executive must know human character or he will invest energy in the wrong people.

These key subordinates are highly competent, dependable people, not yes-men. They fill in their superior's voids and overcome their superior's weaknesses.



As one president, who retired recently to the Bahamas, points out: "An individual is not selected for the presidency because of his personal skills alone, but because he has a team of two or three crucial subordinates or colleagues, who together provide a package of skills needed by the corporation for its next five-year program."

This means that a new kind of president is emerging. He is the project type. These are men who are asked to do a particular job after which they turn the baton over to the next executive in the relay race. This means that they stay in the job about five years or less. Ten years was the average tenure of presidents in our base period (1948-1953). The trend is such that by 1970, 50 per cent or more will be project presidents.

Executives become presidents because corporate situations require their talents. A corporation has a kind of rhythm of its own that determines the movement of talent.

To execute project assignments successfully, the manager must know how to organize teams of limited purposes and to draw talent from the far corners of the company. As a project manager, he must motivate people who have their loyalties attached to other superiors and functions.

After the project is completed, the team will disband and its members return to their former assignments or get new ones.

The nature of business today requires an endless array of projects that call upon specialized talent from all over the corporation. So common are projects today that few men arrive at the top without having served on them several times.

Growing talent pool

Still, the mobility rate of the 1950's and the last five years has produced a pool of young, experienced managers who should be a tremendous source for continued economic growth. One president who has observed this growing group of highly talented young managers says: "We developed men fast because of the growth needs of the 1950's. Now they are pressing us at the top. The result has been tremendous for the corporation, although sometimes exasperating for the top executives who have to ride herd on them."

So impressive is this vast array of young talented managers that there's good reason to be very optimistic about the economic future. The new breed of executive will probably make the next decade a greater period of growth and prosperity than the period that produced them.

Although good men are needed at all levels, the ones who will be left behind will largely lack a strong career drive, a capacity to develop managerial subordinates, an awareness of the need for corporate visibility, a flexibility to change jobs in order to gain mobility and a respect for fact, scientific knowledge and continuing education.

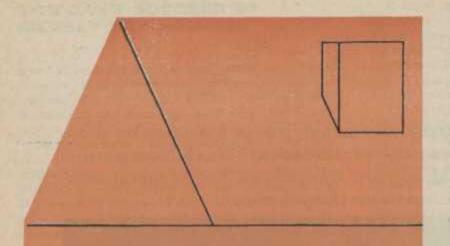
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Why don't you sign up? You'll be a welcome member of the team.



KILL MAIN STREET?

continued from page 36

liquidate, which is a distressing situation to confront a solvent company that has operated profitably for over 60 years."

That Mr. Chastain is hardly alone in his plight is supported by a survey of 127 retailers made this year by the National Retail Merchants Association.

The survey shows that passage of Administration-backed minimum wage hikes definitely would exceed the wage guideposts of a 3.2 per cent yearly increase, which the President himself advocates.

At a \$1.50 minimum, the study shows, the over-all payroll for stores in 1966 would have to be increased an average of 8.4 per cent; at \$1.60, 12.3 per cent, and at \$1.75, 18.4 per cent.

Further, the study shows, stores with a volume of more than \$10 million a year would have to cut employment by 2.1 per cent, and those in the \$1 million to \$10 million category by nine per cent. Department stores under \$1 million volume would have to cut an average of 11 per cent. Mr. Chastain, whose stores fall in the last group, says he would have to cut as much as 50 per cent of his employees in some stores.

"I've heard the fallacious argument advanced by some labor leaders that no employer should be in business who can't pay the legal minimum," Mr. Chastain says. "Such a stand merely amounts to putting a business at the mercy of the government.

"Isn't it best to allow workers who simply don't want to move from lower-cost rural areas to continue to hold the jobs they have at the salary they now can earn? Or should they be put out of work with an excessive minimum wage that leaves them earning nothing?"

Who really loses?

Mr. Chastain points out that the small number of his employees who are the sole support of their families already make more than the minimum wage. Most of the others working in his stores, however, are simply seeking extra money—as a second job, or after school hours, or to supplement their husband's salary or their own social security check.

One of the salesgirls who lost their jobs when the store in Sayre folded had been making \$150 a month. "That's equivalent to

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KILL MAIN STREET?

continued

making \$300 a month in, say, Washington, D.C.," Mr. Chastain commented. "Now that girl is not

making a thing.

"If we'd kept the store open, the minimum wage law in Oklahoma would have required us to pay her at least \$173 a month. She simply wasn't worth that much to us. About all you can afford to pay a salesclerk is five to eight per cent of her sales. Even at \$150 a month, she was costing us more than 15 per cent."

Attempts to rent the store building were futile, so Mr. Chastain sold all its fixtures. All that is left to remind the 2,900 Sayre residents of the Lintz store is an empty building and the inconvenience of having to make trips out of town to buy what the store once provided.

Mr. Chastain says the root of the trouble is that many legislators don't recognize that wage and hour regulations which might fit areas with higher levels of living don't fit small towns and small businesses.

He points to a statement made by the AFL-CIO executive council earlier this year as evidence that even labor unions recognize this fact-at least when they are arguing against across-the-board wage

guideposts.

"Rigid application of a single 'magic number,' based on one economic factor alone," the AFL-CIO had said, "cannot be a workable and fair means of wage determination in a country of continental size, with thousands of different markets, industries and occupations. There are many factors that appropriately must be considered in the determination of wages in each firm, industry and market."

Sees death of Main Street

If further across-the-board raises in minimum wages are made, Mr. Chastain foresees the wiping out of small towns throughout the land.

"This would be a shame," Mr. Chastain says, "since small towns and small businesses have made a significant contribution to the American way. Their climate has produced excellent citizenry, including men of consequence in public life today.

"Small towns contain the core of this nation's independent businessmen who are proud of their selfreliance and workers who like being free to make choices and achieve security by their own efforts."

Mr. Chastain himself was raised in a small town. While a teenager he worked before and after school in a general store in Yukon, Okla., 16 miles from Oklahoma City. After graduating from high school, he continued working there for several years, learning retailing. Later he worked for other department stores in Oklahoma.

During his 12 years with a large department store in Tulsa, Mr. Chastain rose from assistant buyer to merchandise manager. But his main interest remained with the small towns. In 1937 he borrowed some money and joined in a partnership with Fred W. Lintz who owned a small department store in Guthrie, Okla. They began to buy

"The thing that attracted us to these small-town stores in those days was the same thing that's killing them now-cost of operation," Mr. Chastain recalls. "But the cost was low then.'

In 1945 the firm moved its headquarters to Dallas. After Mr. Lintz's death in 1959, Mr. Chastain became majority owner of the Lintz stores and continued to add to the chain. But he was running into more and more static from Washington.

The rains came

"Things had been going along fine until just after World War II, when the government started harassing small businesses," Mr. Chastain says. "Then after the Korean War came the real deluge of unbelievable increases in wages, unemployment regulations, records and red tape.

"We now have to comply with 283 pages of federal rules and regulations covering the wage and hour law alone. And they keep changing their mind in Washington and

sending revisions.

"It's the most ridiculous, impossible situation anybody ever heard of. These rulings are not mailed to you. You have to dig them out. You just can't keep up with all of them. The Federal Trade Commission, for one, tells you just about everything you can say in your ads. You need your own advertising department just to see that you comply with the rules.

"We used to have only one girl in this office to take care of detail work. Now we have three girls plus our controller, just to be able to live with the increased regulations

and red tape.

"Why, I hear there's even a bill (H.R. 7043) in Congress that would require every woven clothing label made overseas to show where the label was made. So if you had a label made in Japan, people would get the idea that the whole suit was made in Japan. It's just about as screwball as anything can be-so it should fit in quite well with a great number of other government regulations."

Mr. Chastain is especially disturbed by the fact that his salesmen must spend so much time

keeping records.

You can only make money when you sell goods - not when you keep records," he complains. "Salesmen by their nature are not usually good record keepers. And we wouldn't particularly want them to be. We hire salesmen to sell.

"Even the most capable hands can't function when Uncle Sam keeps dumping paperwork in them."

Profits of the Lintz firm have been slipping since 1950. One of the most significant drops came in 1962, the year after the last increase in the minimum wage law hit the larger Lintz stores. Overall profits in 1964 were less than 10 per cent of what they had been in 1950.

At the start of last year the number of Lintz stores was at its peak, 12. Now there are 10.

Store serves town

Typical of a smaller Lintz store is the one in the town square of Cleburne, Tex., 55 miles south-west of Dallas. The main industry in Cleburne, population 13,500, is the repair shop for the Santa Fe Railway's boxcars and engines.

The well-spruced, single-floored Cleburne store deals mostly in ladies' wear. It employs 13.

Mr. Chastain regularly drives out to Cleburne and his other stores to see how they are doing. He examines the merchandise and displays and chats with the employees about what is and isn't moving well.

The thought of cutting some of his customer services-such as free alterations, credit and gift wrapping-pains Mr. Chastain, who has established a "Smiling Service" motto in all of his stores.

"If I thought cutting some of our services would perpetuate the jobs of some of our 150 employees, I'd do it," Mr. Chastain says. "But we've tried that and the customers won't stand for it.

"Unlike many manufacturing plants, we can't just close our doors during slow periods, either. If a customer came in the middle of the

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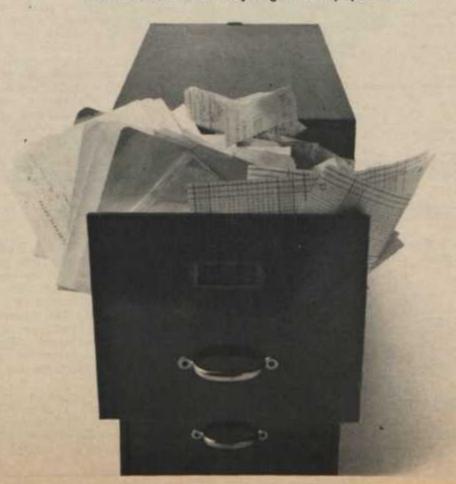
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KILL MAIN STREET?

continued

afternoon and found our doors closed, he'd just stop coming back."

Even if Congress refuses to approve the minimum wage changes, the future of small stores like those in the Lintz chain is threatened by another proposed measure, H.R. 8282, which would increase unemployment compensation taxes. Such increases, Mr. Chastain maintains, will raise his unemployment compensation costs 71.44 per cent, enough to erase his firm's profits.

Proposals seem misguided

"I'm in favor of essential social legislation when it really helps people," says Mr. Chastain, who is a member of the board of trustees of the National City Christian Church. "But such laws should not artificially stimulate the natural development of economic levels.

"The wage and hour proposals, along with increases in federal employment and social security taxes, will do more than just wipe out many companies like ours. They also will hurt the very people they are supposed to be helping in these smaller towns, the poor."

He fears that the economy is becoming more regimented and is instilling people with "a sort of uniformity, a dull level of mediocrity, rather than an ambition to make a name for yourself."

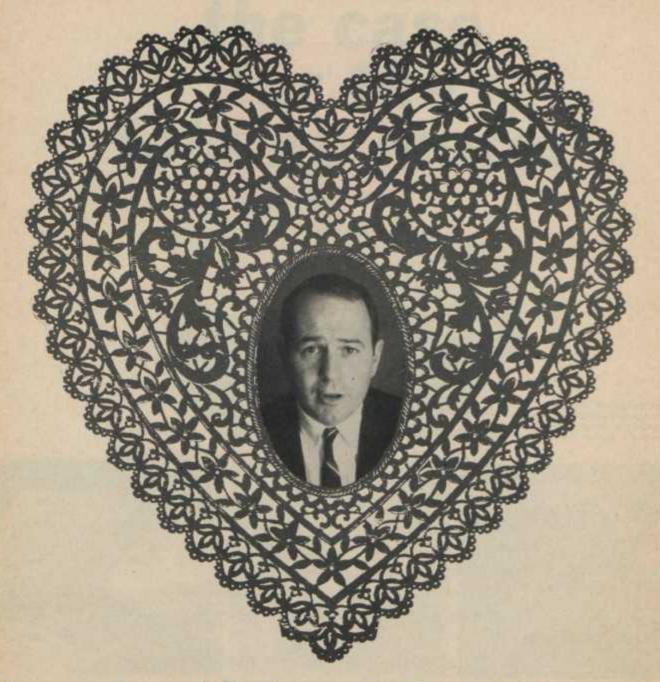
If the minimum wage increases are passed, Mr. Chastain is not sure what he will do.

"Perhaps I could sell some stores, liquidate others," he says. "I'm not so worried for my wife and me. We have enough to see us through. But all those people out of jobs..."

Mr. Chastain pauses, swivels his chair and looks up at the many plaques he has received over the years from civic and trade groups. He goes on:

"Well, the truth is, I would really miss this work. I love it. It has been my whole life. Retailing is full of romance and glamor and challenge. I get a kick out of it. It's like watching a ball game or a horse race; something's happening every minute. There are changes in styles, in customers and in their tastes and in merchandising.

"Changes in government regulations? Yes, that too. But those seem to take the romance and glamor—not to mention the profit—out of living and working." END



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Nation's Business

May 1966

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